

SIXTY-FIRST DAY

(Monday, May 16, 1955)

The Senate met at 10:30 o'clock a. m., pursuant to adjournment, and was called to order by the President.

The roll was called and the following Senators were present:

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Lane	Shireman
Latimer	Strauss
Lock	Wagonseller
Martin	Weinert
McDonald	Willis

A quorum was announced present.

Reverend W. H. Townsend, Chaplain, offered the invocation as follows:

Our Heavenly Father, we thank Thee for Thy holy Word, a lamp unto our feet, and a light upon our path. Help us to read it that we may be wise; believe it that we may be saved; practice it that we may be righteous; and hide it in our hearts, that we might not sin against Thee. For Christ's sake. Amen.

On motion of Senator Aikin, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 12, 1955, was dispensed with and the Journal was approved.

Senate Concurrent Resolution 65

Senator Bracewell offered the following resolution:

S. C. R. No. 65, Recalling S. B. No. 236 from the Governor's office for correction.

Whereas, Senate Bill No. 236 has passed the Senate and the House and is now in the Governor's office; and

Whereas, Certain duplication has been found to exist in Sections 1 and 2 and the first sentence of Section 3 of said bill; now, therefore, be it

Resolved, by the Senate of Texas, the House of Representatives concurring, That the Governor be and he is hereby respectfully requested to return Senate Bill No. 236 to the Senate for correction and that the President of the Senate and the Speaker of the House be authorized to remove their signatures from said bill; and, be it further

Resolved, That the Enrolling Clerk of the Senate be and she is hereby instructed to delete Sections 1 and 2 of Senate Bill 236 and lines 1, 2, 3 and 4 of Section 3 through the words "Chapter 56" and add to the second paragraph of Section 3 the following words: "The Courts herein created shall be Permanent District Courts;" and, be it further

Resolved, That the Enrolling Clerk be authorized to renumber the remaining sections of said bill appropriately.

The resolution was read.

On motion of Senator Bracewell and by unanimous consent, the resolution was considered immediately and was adopted.

Senate Concurrent Resolution 66

Senator Parkhouse offered the following resolution:

S. C. R. No. 66, Authorizing Engrossing Clerk to prepare a duplicate of S. B. No. 314.

Whereas, Senate Bill No. 314 was passed by the Senate and sent to the House of Representatives on April 6, 1955; and

Whereas, This bill passed the House of Representatives on April 29, 1955; and was sent to the Senate on May 2nd but was never received by the Senate; now, therefore, be it

Resolved, by the Senate of Texas, the House of Representatives concurring, that the Engrossing Clerk of the Senate be instructed to prepare a duplicate bill with proper endorsements thereon to be sent to the House of Representatives, where it can be properly endorsed and returned to the Senate for enrollment.

The resolution was read.

On motion of Senator Parkhouse and by unanimous consent, the resolution was considered immediately and was adopted.

Senate Resolution 352

Senator Moffett offered the following resolution:

Whereas, The National spotlight has recently been focused on an outstanding civic project in the City of Wichita Falls, Texas; and

Whereas, The citizens of said City, operating under the slogan "Let's put 'unity' in 'community'," have voluntarily assembled by the hundreds to beautify the unsightly banks of the Wichita River which flows through the City by sloping the banks and sodding them with grass; and

Whereas, This outstanding example of spontaneous community effort has received National recognition by being reported and photographed for publication in a leading National magazine, and also by being featured on an outstanding weekly television program; and

Whereas, There have indeed been few instances of such spontaneous, voluntary and cooperative effort on the part of the citizens of any community in an effort to beautify unsightly areas within their boundaries; now, therefore, be it

Resolved, by the Senate of Texas, That this unusual example of how things are done in the American Way be highly commended, with the hope that the enthusiasm and spirit of civic pride which prompted it may spread to other cities of our State and Nation; and be it further

Resolved, That a copy of this resolution be sent to the Mayor and to the members of the City Council of the City of Wichita Falls, Texas.

The resolution was read and was adopted.

Senate Resolution 353

Senator Moffett offered the following resolution:

Whereas, We are honored today to have in the gallery the senior class of the Benjamin High School, accompanied by their Principal, Mr. Ed Kirk, as well as Mrs. Kirk; and

Whereas, These students and guests are on an educational tour of the Capitol Building and the Capital City; and

Whereas, This fine class of young American citizens are here to observe

and learn firsthand workings of their State Government; now, therefore, be it

Resolved, That we officially recognize and welcome this class and commend them for their interest, and that a copy of this resolution, properly endorsed, bearing the official seal of the Senate, be mailed to them in recognition of their visit.

The resolution was read and was adopted.

Senator Moffett, by unanimous consent, presented the students and Mr. and Mrs. Kirk to the Members of the Senate.

Senate Resolution 354

Senator Lane offered the following resolution:

Whereas, We are honored today to have in the gallery the Senior Class of Joaquin High School, accompanied by Mrs. Randolph Rushing; and

Whereas, These students and guests are on an educational tour of the Capitol Building and the Capital City; and

Whereas, These fine young American citizens are here to observe and learn firsthand the workings of their State Government; now, therefore, be it

Resolved, That we officially recognize and welcome this class and commend them for their interest, and that a copy of this resolution, properly indorsed, bearing the official seal of the Senate, be mailed to them in recognition of their visit.

The resolution was read and was adopted.

Senator Lane, by unanimous consent, presented the students and Mrs. Rushing to the Members of the Senate.

Senate Bill 440 on First Reading

Senator Fly moved that Senate Rule 114 and Section 5 of Article III of the State Constitution be suspended to permit his introducing at this time a bill, the provisions of which be explained.

The motion prevailed by the following vote:

Yeas—28

Aikin	Moore
Ashley	Owen
Bracewell	Parkhouse
Colson	Ratliff
Corbin	Roberts
Fly	Rogers
Fuller	of Childress
Hazlewood	Rogers of Travis
Kazen	Secrest
Kelley	Shireman
Lane	Strauss
Latimer	Wagon seller
Lock	Weinert
McDonald	Willis
Moffett	

Absent

Hardeman	Phillips
Martin	

The following bill was then introduced, read first time and referred to the committee indicated:

By Senator Fly:

S. B. No. 440, A bill to be entitled "An Act making an appropriation to the General Land Office for paying one-half the cost of a survey of lands in connection with the case of City of Victoria vs. The State of Texas, now pending in the District Court of Victoria County; and declaring an emergency."

To the Committee on Finance.

**Conference Committee on
House Bill 287**

Senator Corbin called from the President's table for consideration at this time, the request of the House for a conference committee to adjust the differences between the two houses on H. B. No. 287 and moved that the request be granted.

The motion to grant the request prevailed.

Accordingly, the President announced the appointment of the following conferees on the bill on the part of the Senate: Senators Corbin, Owen, Kelley, Moore and Wagon seller.

**Conference Committee Report on
House Joint Resolution 15**

Senator Shireman submitted the following Conference Committee report on H. J. R. No. 15:

Hon. Ben Ramsey, President of the Senate.

Hon. Jim Lindsey, Speaker of the House of Representatives.

Sirs: We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on H. J. R. No. 15, have met and had same under consideration, and beg to report it back with the recommendation that it do pass in the form attached.

**SHIREMAN
ROGERS
of Travis
LANE
LOCK
MOFFETT**

On the part of the Senate.

**SMITH of Hays
DEWEY
JOHNSON
GLUSING
JAMISON**

On the part of the House.

H. J. R. No. 15:

"A Joint Resolution proposing an amendment to the Constitution of the State of Texas by amending Article VII, Sections 17 and 18, providing a method of payment for the construction and equipment of buildings and other permanent improvements at state institutions of higher learning and repealing Chapter 330, Acts, Regular Session, Fifty-third Legislature; and proposing an amendment to Article VII of the Constitution of the State of Texas by adding a new section after Section 11 thereof to be designated as Section 11a, providing for the improved support of The University of Texas and the Agricultural and Mechanical College of Texas from a source other than tax revenue by providing for the broader investment of the Permanent University Fund in corporate bonds and stocks under certain conditions and limitations; providing for an election and the issuance of a proclamation therefor."

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. That Sections 17 and 18 of Article VII of the Constitution of the State of Texas be amended so as to hereafter read as follows:

"Section 17.

"In lieu of the state ad valorem tax on property of Seven Cents (7c) on the One Hundred Dollars (\$100) valuation heretofore permitted to be levied by Section 51 of Article 3, as

amended, there is hereby levied, in addition to all other taxes permitted by the Constitution of Texas, a state ad valorem tax on property of Two Cents (2c) on the One Hundred Dollars (\$100) valuation for the purpose of creating a special fund for the continuing payment of Confederate pensions as provided under Section 51, Article 3, and for the establishment and continued maintenance of the State Building Fund as provided in Section 51b, Article 3, of the Constitution.

"Also, there is hereby levied, in addition to all other taxes permitted by the Constitution of Texas, a state ad valorem tax on property of Five Cents (5c) on the One Hundred Dollars (\$100) valuation for the purpose of creating a special fund for the purpose of acquiring, constructing and initially equipping buildings, or other permanent improvements at the designated institutions of higher learning; and the governing board of each of such institutions of higher learning is fully authorized to pledge all or any part of said funds allotted to such institution as hereinafter provided, to secure bonds or notes issued for the purpose of acquiring, constructing and initially equipping such buildings or other permanent improvements at said respective institutions. Such bonds or notes shall be issued in such amounts as may be determined by the governing boards of said respective institutions, shall bear interest not to exceed three per cent (3%) per annum and shall mature serially or otherwise not later than September 1, 1968, and September 1, 1978, respectively; provided, the power to issue bonds or notes hereunder is expressly limited to a period of twenty (20) years from the effective date of this amendment; and provided further, that the Five Cent (5c) tax hereby levied shall expire finally upon payment of all bonds or notes hereby authorized; provided, further, that the state tax on property as heretofore permitted to be levied by Section 9 of Article VIII, as amended, exclusive of the tax necessary to pay the public debt, and of the taxes provided for the benefit of the public free schools, shall never exceed Thirty Cents (30c) on the One Hundred Dollars (\$100) valuation. All bonds shall be examined and approved by the Attorney General of the State of Texas, and when so approved shall be incontestable; and all approved bonds shall be registered in the office of the Comptroller of Public Accounts of the State of Texas. Said bonds shall be sold only through competitive bids and shall never be sold for less than their par value and accrued interest.

troller of Public Accounts of the State of Texas. Said bonds shall be sold only through competitive bids and shall never be sold for less than their par value and accrued interest.

"Funds raised from said Five Cent (5c) tax levy for the ten- (10) year period beginning January 1, 1958, shall be allocated by the Comptroller of Public Accounts of the State of Texas on June first of that year, based on the average long session full-time student equivalent enrollment (fifteen (15) semester credit hours shall constitute one full-time student) for the preceding five- (5) year period of time, to the following state institutions of higher learning then in existence, to wit: Texas State College for Women at Denton, Texas College of Arts and Industries at Kingsville, Texas Technological College at Lubbock, East Texas State Teachers College at Commerce, North Texas State College at Denton, Sam Houston State Teachers College at Huntsville, Southwest Texas State Teachers College at San Marcos, Stephen F. Austin State College at Nacogdoches, Sul Ross State College at Alpine, West Texas State College at Canyon, Texas Southern University at Houston, and Lamar State College of Technology at Beaumont.

"Not later than June first of the beginning year of each succeeding ten (10) year period, the Comptroller of Public Accounts of the State of Texas, based on the average long session full-time student equivalent enrollment (fifteen (15) semester credit hours shall constitute one full-time student) for the preceding five- (5) year period of time, shall reallocate, to the above designated institutions of higher learning then in existence, all funds to be derived from said Five Cent (5c) ad valorem tax for said ten- (10) year period; and all such designated institutions of higher learning which participate in the allocation or reallocation of such funds shall not thereafter receive any General Revenue funds for the acquiring or constructing of buildings or other permanent improvements for which said Five Cent (5c) ad valorem tax is herein provided, except in case of fire, flood, storm, or earthquake occurring at any such institution, in which case an appropriation in an amount sufficient to replace the uninsured loss so incurred may be made by the Legislature out of any General Revenue funds. The State Comptroller of Public Accounts shall draw all necessary

and proper warrants upon the State Treasury in order to carry out the purpose of this amendment; and the State Treasurer shall pay warrants so issued out of the special fund hereby created for said purpose. This amendment shall be self-enacting; provided, however, it shall not become operative or effective upon its adoption so as to supersede or repeal the former provisions of this section, but shall become so operative and effective on January 1, 1958; provided, further, that nothing herein shall be construed as impairing the obligation incurred by any outstanding notes or bonds heretofore issued by any state institution of higher learning under this section prior to the adoption of this amendment, but such notes or bonds shall be paid, both as to principal and interest, from the fund as heretofore allocated to any such institution under this section, nor shall the provisions of this amendment affect in any way the prior allocation of the revenue for the ten-year period beginning January 1, 1948, as heretofore authorized by the provisions of Section 17 of Article VII of this Constitution as adopted August 23, 1947. Chapter 330, Acts, Regular Session, 53rd Legislature, is repealed upon the effective date of this amendment; but the principal and interest due on any obligations incurred by the governing boards of Lamar State College of Technology at Beaumont and of Texas Southern University at Houston under the provisions of said Chapter 330 prior to its repeal shall be paid from the allocations to Lamar State College of Technology and Texas Southern University from the funds raised by the Five Cent ad valorem tax levy as provided in this Section, and the annual allocations to these institutions under this Section shall be first devoted to current requirements for meeting such obligations in accordance with their terms.

"Section 18.

"For the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for the Texas Agricultural and Mechanical College System, including the Agricultural and Mechanical College of Texas at College Station, Arlington State College at Arlington, Prairie View Agricultural and Mechanical College of Texas at Prairie View, Tarleton State College at Stephenville, Texas Agricultural Experiment Stations, Texas Agricultural Extension Service, Texas Engineering Experi-

ment Station, at College Station, Texas Engineering Extension Service, at College station, and the Texas Forest Service, the Board of Directors of the Agricultural and Mechanical College of Texas is hereby authorized to issue negotiable bonds or notes not to exceed a total amount of one-third (1/3) of twenty per cent (20%) of the value of the Permanent University Fund exclusive of real estate at the time of any issuance thereof; provided, however, no building or other permanent improvement shall be acquired or constructed hereunder for use by any part of the Texas Agricultural and Mechanical College System, except at and for the use of the general academic institutions of said System, namely, the Agricultural and Mechanical College of Texas, Arlington State College, Tarleton State College, and Prairie View A. and M. College, without prior approval of the Legislature or of such agency as may be authorized by the Legislature to grant such approval; and for the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for The University of Texas System, including the Main University of Texas at Austin, The University of Texas Medical Branch at Galveston, The University of Texas Southwestern Medical School at Dallas, The University of Texas Dental Branch at Houston, Texas Western College of The University of Texas at El Paso, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, The University of Texas Postgraduate School of Medicine, The University of Texas School of Public Health, McDonald Observatory at Mount Locke, and the Marine Science Institute at Port Aransas, the Board of Regents of The University of Texas is hereby authorized to issue negotiable bonds and notes not to exceed a total amount of two-thirds (2/3) of twenty per cent (20%) of the value of the Permanent University Fund exclusive of real estate at the time of any issuance thereof; provided, however, no building or other permanent improvement shall be acquired or constructed hereunder for use by any institution of The University of Texas System, except at and for the use of the general academic institutions of said System, namely, the Main University and Texas Western College, without the prior approval of the Legislature or of such agency as may be authorized by the Legislature to grant such approval. Any bonds or

notes issued hereunder shall be payable solely out of the income from the Permanent University Fund. Bonds or notes so issued shall mature serially or otherwise not more than thirty (30) years from their respective dates.

"The Texas Agricultural and Mechanical College System and all of the institutions constituting such System as hereinabove enumerated, and The University of Texas System, and all of the institutions constituting such System as hereinabove enumerated, shall not, after the effective date of this Amendment, receive any General Revenue funds for the acquiring or constructing of buildings or other permanent improvements, except in case of fire, flood, storm, or earthquake occurring at any such institution, in which case an appropriation in an amount sufficient to replace the uninsured loss so incurred may be made by the Legislature out of General Revenue Funds.

"Said Boards are severally authorized to pledge the whole or any part of the respective interests of the Agricultural and Mechanical College of Texas and The University of Texas in the income from the Permanent University Fund, as such interests are now apportioned by Chapter 42 of the acts of the Regular Session of the Forty-second Legislature of the State of Texas, for the purpose of securing the payment of the principal and interest of such bonds or notes. The Permanent University Fund may be invested in such bonds or notes.

"All bonds or notes issued pursuant hereto shall be approved by the Attorney General of Texas and when so approved shall be incontestable. This amendment shall be self-enacting and shall become effective January 1, 1958; provided, however, that nothing herein shall be construed as impairing any obligation heretofore created by the issuance of any outstanding notes or bonds under this section by the respective Boards prior to the adoption of this amendment but any such outstanding notes or bonds shall be paid in full, both principal and interest, in accordance with the terms of such contracts."

Section 2. That Article VII of the Constitution of the State of Texas shall be amended by adding after Section 11 thereof a new section to be designated Section 11a, which shall read as follows:

"Section 11a. In addition to the bonds now enumerated in Section 11 of Article VII of the Constitution of

the State of Texas, the Permanent University Fund may be invested in first lien real estate mortgage securities guaranteed in any manner in while by the United States Government or any agency thereof and in such corporation bonds, preferred stocks and common stocks as the Board of Regents of The University of Texas may deem to be proper investments for said fund; and the interest and dividends accruing from the securities listed in Section 11 and Section 11a, except the portion thereof which is appropriated by the operation of Section 18 of Article VII for the payment of principal and interest on bonds or notes issued thereunder, shall be subject to appropriation by the Legislature to accomplish the purposes declared in Section 10 of Article VII of this Constitution. In making each and all of such investments said Board of Regents shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital; provided, however, that not more than fifty per cent (50%) of said fund shall be invested at any given time in corporate stocks and bonds, nor shall more than one per cent (1%) of said fund be invested in securities issued by any one (1) corporation, nor shall more than five per cent (5%) of the voting stock of any one (1) corporation be owned; and provided, further, that stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for ten (10) consecutive years or longer immediately prior to the date of purchase and which, except for bank stocks and insurance stocks, are listed upon an exchange registered with the Securities and Exchange Commission or its successors. This amendment shall be self-enacting, and shall become effective upon its adoption, provided, however, that the Legislature shall provide by law for full disclosure of all details concerning the investments in corporate stocks and bonds and other investments authorized herein."

"Section 3. The foregoing Constitutional Amendment shall be submitted to a vote of the qualified electors

of this State at the General Election to be held on the first Tuesday after the first Monday in November, A. D. 1956, at which election all ballots shall have printed thereon:

"FOR the Amendment to Article VII of the Constitution of the State of Texas by amending Sections 17 and 18 thereof, providing a method of payment for the construction and equipment of buildings and other permanent improvements at state institutions of higher learning and by adding a new section thereto to be designated as Section 11a, providing for the improved support of The University of Texas System and the Texas Agricultural and Mechanical College System by authorizing the investment of the Permanent University Fund in corporate bonds and stocks under certain conditions and limitations."

"AGAINST the Amendment to Article VII of the Constitution of the State of Texas by amending Sections 17 and 18 thereof, providing a method of payment for the construction and equipment of buildings and other permanent improvements at state institutions of higher learning and by adding a new section thereto to be designated as Section 11a, providing for the improved support of The University of Texas System and the Texas Agricultural and Mechanical College System by authorizing the investment of the Permanent University Fund in corporate bonds and stocks under certain conditions and limitations."

Section 4. The Governor shall issue the necessary proclamation for said election and have the same published as required by the Constitution and laws of this State.

The report was read and was adopted by the following vote:

Yeas—25

Aikin	Moffett
Bracewell	Moore
Colson	Owen
Corbin	Parkhouse
Fly	Phillips
Fuller	Ratliff
Hazlewood	Rogers
Kazen	of Childress
Kelley	Rogers of Travis
Lane	Shireman
Latimer	Strauss
Lock	Wagonseller
McDonald	Willis

Nays—6

Ashley	Roberts
Hardeman	Secrest
Martin	Weinert

Conference Committee Report on Senate Joint Resolution 1

Senator Hardeman submitted the following Conference Committee Report on S. J. R. No. 1:

Austin, Texas,
May 11, 1955.

Hon. Ben Ramsey, President of the Senate.

Hon. Jim Lindsey, Speaker of the House of Representatives.

Sirs: We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on S. J. R. No. 1, have met and had same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

HARDEMAN
SHIREMAN
LANE
RATLIFF
ASHLEY

On the part of the Senate.

SAUL
BANKS
WOOD
BURKETT
ELLIS

On the part of the House.

S. J. R. No. 1, Proposing an amendment to the Constitution of Texas adding a section to be known as Section 49-c of Article III, authorizing the issuance and sale of bonds by the State of Texas to create the Texas Water Development Fund to provide financial assistance to certain political subdivisions or bodies politic and corporate of the State of Texas in the conservation and development of the water resources of the State; and to create the Texas Water Development Board; providing for the levying of a state ad valorem tax of not to exceed three (3¢) cents on the One Hundred Dollars (\$100) valuation as security for such state obligations; providing for the termination of such tax levy; providing for the calling of an election and the publication and issuance of the proclamation therefor.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. That Article III of the Constitution of the State of Texas be amended by adding a new section thereto to be known as Section 49-c, as follows: "Section 49-c. The Legislature of the State of Texas shall provide for the issuance and sale of bonds of the State of Texas not to exceed the sum of One Hundred Million Dollars (\$100,000,000) to bear interest at a rate not to exceed three (3%) per centum per annum, in such form, denominations and upon such terms as shall be prescribed by law to create a revolving fund to be known as the Texas Water Development Fund, to be administered as may be provided by law by an agency to be known as the Texas Water Development Board which is hereby created and which shall be composed of Six (6) members to be appointed by the Governor, at least one of whom shall be a licensed professional engineer, whose terms of office shall be provided by statute; such members to be appointed with the advice and consent and confirmation of the Senate, which said Fund shall be used for the sole purpose of aiding or making funds available upon such terms and conditions as the Legislature may prescribe, to the various political subdivisions or bodies politic and corporate of the State of Texas including river authorities, conservation and reclamation districts and districts created or organized or authorized to be created or organized under Article XVI, Section 59 or Article III, Section 52, of this Constitution, interstate compact commissions to which the State of Texas is a party, and municipal corporations, in the conservation and development of the water resources of this state, including the control, storing and preservation of its storm and flood waters and the waters of its rivers and streams and their respective watersheds, for all lawful purposes by the acquisition, improvement or construction of dams, reservoirs and other water storage projects, including development of hydro-electric power, or for any one or more of such purposes or methods.

"Any or all financial assistance as provided herein shall be repaid with interest upon such terms, conditions and manner of repayment as may be provided by law.

"The bonds authorized hereby shall be issued only as needed, as may be provided by law. Said bonds shall not

be sold for less than par and accrued interest and no commission shall be paid by the state in any transaction involving said bonds. A preferential right of purchase in the sale of any such bonds shall be given to the administrators of the various Teachers Retirement Funds, the Permanent University Fund and the Permanent Free School Fund.

"Subject to the homestead provision of Article VIII, Section 1-b of this Constitution, there is hereby levied, in addition to all other taxes permitted by this Constitution, a state ad valorem tax on property of three cents (3¢) on the One Hundred Dollars (\$100) valuation until December 31, 1960 for the purpose of providing a source of income to the Texas Water Development Fund when needed to pay the principal of and interest on state bonds issued by the Texas Water Development Board and to furnish funds for the administrative expenses of the Board. Thereafter, commencing on the calendar year beginning January 1, 1961, there is hereby levied a state ad valorem tax of not to exceed three cents (3¢) on the One Hundred Dollars (\$100) valuation, the rate of which tax shall be determined by the Texas Water Development Board as hereinafter provided for the purpose of providing a source of income for the same purposes as aforesaid. The Texas Water Development Board is fully empowered to fix the rate of taxation within the three cent (3¢) limitation for each year after January 1, 1961. Such rate for each succeeding year after such date may be adjusted by the Board so that the amount in and the anticipated income for the Texas Water Development Fund shall at all times be sufficient to amortize the principal of and to pay the accrued interest on outstanding state bonds issued by the Board and sufficient to pay the administrative expenses of the Board. The income derived from said taxes shall be deposited to the credit of the Texas Water Development Fund. The Texas Water Development Board is fully authorized to pledge all or any part of the funds derived from said taxes to secure the state bonds issued pursuant to the provisions of this amendment. When, after December 31, 1980, there is in the Texas Water Development Fund an amount fully sufficient to pay all interest on and principal of the outstanding bonds due and to

become due thereafter, no further taxes shall be assessed, levied or collected for the benefit of the Fund.

"The Legislature may provide for the investment of moneys available in the Texas Water Development Fund, including reserves for the payment of bonds issued by the Texas Water Development Board. Income from such investments may be used for paying the administrative expenses of the Board as prescribed by the Legislature or for the purposes for which the Fund was created, or both. The Legislature may also make appropriations from the General Revenue Fund for paying administrative expenses of the Board.

"The various political subdivisions or bodies politic and corporate of the State of Texas, authorized hereby to receive financial aid, shall receive no financial assistance from the Texas Water Development Fund after December 31, 1980. All moneys received by the Texas Water Development Board from taxes and as repayments on principal and interest, for financial assistance, as the Legislature may prescribe, shall be credited to the Texas Water Development Fund to be used as the proceeds from the sales of the bonds hereby authorized to be issued and sold may be used, for the period ending December 31, 1980; provided, however, that so much of such moneys as may be necessary during the period ending December 31, 1980, to pay principal of and interest on bonds issued by the Texas Water Development Board shall be set aside for that purpose. After December 31, 1980, all moneys received by the Texas Water Development Board not needed to pay the administrative expenses of the Board shall be set aside until all of said bonds, together with the interest thereon, shall have been paid in full or a sufficient amount set aside to do so; and any of such moneys in excess of the amounts required for the retirement of said bonds and to pay interest thereon and to pay the administrative expenses of the Board shall be deposited to the credit of the General Revenue Fund to be appropriated for such purposes as may be prescribed by law; provided, however, that such deposits to the credit of the General Revenue Fund shall never exceed Five Million Dollars (\$5,000,000) in any one fiscal year.

"All bonds issued hereunder shall, after approval by the Attorney Gen-

eral of Texas, registration by the Comptroller of the State of Texas, and delivery to the purchasers, be incontestable and shall constitute obligations of the state under the Constitution of Texas.

"Should the Legislature enact enabling laws in anticipation of the adoption of this amendment, such Acts shall not be invalid because of their anticipatory character."

Sec. 2. The foregoing amendment to the Constitution shall be submitted to a vote of the qualified electors of this state at an election to be held on the first Tuesday after the first Monday in November, 1956, at which election each ballot shall have printed thereon, the following:

"FOR the amendment to the Constitution of Texas adding a section to be known as Section 49-c of Article III, authorizing the issuance and sale of bonds by the State of Texas to create the Texas Water Development Fund to provide financial assistance to certain political subdivisions or bodies politic and corporate of the State of Texas in the conservation and development of the water resources of the state; providing for the levying of a state ad valorem tax of not to exceed three cents (3¢) on the One Hundred Dollars (\$100) valuation as security for such state obligations, and providing for the termination of such tax levy.

"AGAINST the amendment to the Constitution adding a section to be known as Section 49-c of Article III, authorizing the issuance and sale of bonds by the State of Texas to create the Texas Water Development Fund to provide financial assistance to certain political subdivisions or bodies politic and corporate of the State of Texas in the conservation and development of the water resources of the state; providing for the levying of a state ad valorem tax of not to exceed three cents (3¢) on the One Hundred Dollars (\$100) valuation as security for such state obligations, and providing for the termination of such tax levy."

Each voter shall mark out one of said clauses on the ballot, leaving the one expressing his vote on the proposed amendment. If it appears from the returns of said election that a majority of the votes cast were in favor of said amendment, the same shall become a part of the State Constitution and be effective from the

date of the determination of such result and the Governor's proclamation thereof.

Sec. 3. The Governor of the State of Texas shall issue the necessary proclamation for said election and have the same published as required by the Constitution and laws of this state. The expense of publication and election for such amendment shall be paid out of the proper appropriation made by law.

The Conference Committee report was read.

On motion of Senator Martin and by unanimous consent, further consideration of the Conference Committee Report on S. J. R. No. 1 was postponed until 11:05 o'clock a. m. on Tuesday, May 17, 1955.

Question—Shall the Conference Committee report on S. J. R. No. 1 be adopted?

Conference Committee Report on Senate Bill 171

Senator Ratliff submitted the following Conference Committee Report on S. B. No. 171:

Austin, Texas,
May 12, 1955.

Hon. Ben Ramsey, President of the Senate.

Hon. Jim Lindsey, Speaker of the House of Representatives.

Sirs: We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on S. B. No. 171, have met and had same under consideration, and beg to report it back with the recommendation that it do pass in the form attached.

STROMAN
DEWEY
CHEATHAM
HEITMANN
ANDERSON

On the part of the House.

CORBIN
COLSON
HARDEMAN
RATLIFF
KAZEN

On the part of the Senate.

S. B. No. 171:

A BILL TO BE ENTITLED

"An Act directing payment of certain miscellaneous claims and judgments

out of the sum appropriated for that purpose in the General Appropriation Bill; making appropriations for and directing payment of certain miscellaneous claims and judgments out of other funds designated herein; requiring approval of claims in the manner specified in the Act before payment is made; and declaring an emergency."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. The following sums of money are hereby directed to be paid out of the sum appropriated and set aside by House Bill 140, Regular Session of the 54th Legislature, for the payment of itemized claims and judgments against the State:

To pay Forrest Lumber Company,
P. O. Drawer 30, Lubbock, Texas for
refund of overpayment of Cement
Tax \$135.79

To pay Carlos A. Jones, 2801 Crawford,
Houston 4, Texas for refund on
cancellation of land purchase. \$231.16

To pay The Sprunt Corporation,
c/o Franklin, Kelly and Graham, Cotton
Exchange Building, Houston, Texas
for refund of overpayment of Franchise
Tax \$3,493.75

To pay Oosterhout, Holter and
Meadows, 1910-15th Street, Port Arthur,
Texas for refund of expense incurred
in purchasing State Oil and Gas Lease
and trying to cure title \$358.34

To pay Roy Click, Route 2, Wichita
Falls, Texas for indemnity on hogs
infected with Vesicular Exanthema
disease \$832.00

To pay Jess Gary, Route 2, Box 191,
Wichita Falls, Texas for indemnity on
hogs infected with Vesicular Exanthema
disease ... \$3,398.14

To pay C. G. Ford, Rt. 1, Box 33,
Huntsville, Texas for indemnity on
hogs infected with Vesicular Exanthema
disease \$566.12

To pay Clyde R. Stevens, Rt. 2, Box 330,
San Antonio, Texas for indemnity on
hogs infected with Vesicular Exanthema
disease ... \$321.47

To pay Clyde R. Stevens, Rt. 2, Box 330,
San Antonio, Texas for indemnity on
hogs infected with Vesicular Exanthema
disease \$13,217.59

To pay E. O. Northcutt, Associate
Justice, Court of Civil Appeals,
Amarillo, Texas for reimbursement
of travel expense while holding court
out of his district. \$82.00

To pay Joseph W. Hale, Associate Justice, Court of Civil Appeals, Waco, Texas for reimbursement of travel expense while holding court out of his district \$69.94

To pay Jake Tirey, Associate Justice, Court of Civil Appeals, Waco, Texas for reimbursement of travel expense while holding court out of his district \$87.08

To pay Roger Thurmond, District Judge, Del Rio, Texas for reimbursement of travel expense while holding court out of his district \$13.29

To pay Frank G. McDonald, Chief Justice, Court of Civil Appeals, Waco, Texas, for reimbursement of travel expense while holding court out of his district \$69.39

To pay Sam Williams, District Judge, Mt. Pleasant, Texas for reimbursement of travel expense while holding court out of his district \$60.65

To pay James R. Dougherty Estate, First National Bank Building, Beeville, Texas for refund of overpayment of Inheritance Tax \$5,042.78

To pay National Farm Loan Association of Tyler, Tyler, Texas, for refund of overpayment of Ad Valorem Tax \$48.80

To pay Vernon Law Book Company, 915 Grande Avenue, Kansas City, Mo., for unpaid invoices on books delivered to Court of Civil Appeals, Beaumont, Texas \$582.00

To pay Vernon Law Book Company, 915 Grande Avenue, Kansas City, Mo., for unpaid invoices on books delivered to Court of Civil Appeals, Amarillo, Texas \$327.00

To pay American Law Book Company, 272 Flatbush Extension, Brooklyn, New York for unpaid invoices on books delivered to Court of Civil Appeals, Amarillo, Texas \$207.50

To pay West Publishing Company, St. Paul 2, Minn., for unpaid invoices on books delivered to Court of Civil Appeals, Amarillo, Texas \$852.00

To pay American Home Life Insurance Company, Harrison and Ninth Sts., Topeka, Kansas, for refund of overpayment of Premium Tax \$371.37

To pay Federal Insurance Company, 1266 Morris Turnpike, Short Hills, New Jersey, for refund of overpayment of Premium Tax \$3,913.77

To pay Newark Insurance Company, 150 William St., New York, N. Y., for refund of overpayment of Premium Tax \$193.15

To pay Banana Shipping Service, Inc., Brownsville, Texas, for refund of overpayment of Franchise Tax \$350.00

To pay Beverly Studios, 2015 N. Main Avenue, San Antonio, Texas, for refund of overpayment of Franchise Tax \$45.00

To pay Coronet Studios, 2015 N. Main Avenue, San Antonio, Texas, for refund of overpayment of Franchise Tax \$25.00

To pay Federal Oil and Gas Industries, Inc., Sterling Bldg., Houston, Texas, for refund of overpayment of Franchise Tax \$1,273.00

To pay Life Enterprises, Inc., 2015 N. Main, San Antonio, Texas, for refund of overpayment of Franchise Tax \$268.75

To pay Sharp & Dohme (Philadelphia, Pa.), c/o Carrington, Gowan, Johnson, Walker and Bromberg, Mercantile Bank Bldg., Dallas, Texas, for refund of overpayment of Franchise Tax \$2,918.75

To pay Shilling Photo Service, Inc., 2015 N. Main Avenue, San Antonio, Texas, for refund of overpayment of Franchise Tax \$71.25

To pay Speer's Department Store, Inc., Box 383, Los Alamos, New Mexico, for refund of overpayment of Franchise Tax \$239.04

To pay Sunray Coastal Pipe Line Company, Box 2039, Tulsa, Oklahoma, for refund of overpayment of Franchise Tax \$1,118.00

To pay Vanoil Corporation, Continental Bldg., Dallas, Texas, for refund of overpayment of Franchise Tax \$38.75

To pay Howard Flint Ink Company, 2546 Park Avenue at MCRR, Detroit 9, Michigan, for refund of overpayment of Franchise Tax \$117.50

To pay The Fair, Box 4107, Beaumont, Texas, for refund of overpayment of Franchise Tax \$461.25

To pay Midcap Realty Company, c/o Baskin, Casseb and Casseb, Majestic Bldg., San Antonio, Texas, for refund of overpayment of Franchise Tax \$67.50

To pay Ed Steves and Sons, Inc., c/o Kampmann & Kampmann, Milam Bldg., San Antonio, Texas, for refund of overpayment of Franchise Tax	\$681.25	refund of overpayment of Franchise Tax	\$1,011.25
To pay Steves Sash and Door Company, Inc., c/o Kampmann and Kampmann, Milam Bldg., San Antonio, Texas, for refund of overpayment of Franchise Tax	\$983.75	To pay Houston Building Company, c/o H. M. Rowe, 1616 Second National Bank Bldg., Houston, Texas, for refund of overpayment of Franchise Tax	\$3,038.75
To pay D. J. Goetz, Box 30, Ballinger, Texas, for refund of overpayment of Franchise Tax	\$66.25	To pay Frisco Oil Corporation, 707 Republic Bank Bldg., Dallas, Texas, for refund of overpayment of Franchise Tax	\$323.75
To pay Wichita Falls and Oklahoma Railway Company, 307 West 6th St., Fort Worth, Texas, for refund of overpayment of Franchise Tax	\$95.75	To pay West Texas Production Company, 1703 Fair Bldg., Fort Worth, Texas, for refund of overpayment of Franchise Tax	\$100.00
To pay Vickery Lumber Company, 6875 Greenville Avenue, Dallas, Texas, for refund of overpayment of Franchise Tax	\$20.00	To pay Gulf Television Company, Galveston, Texas, for refund of overpayment of Franchise Tax	\$117.18
To pay General Telephone Company of the Southwest, Box 1001, San Angelo, Texas, for refund of overpayment of Franchise Tax	\$40,714.80	To pay J. A. Jones Construction Company, Box 966, Charlotte, North Carolina, for refund of overpayment of Franchise Tax	\$185.00
To pay The George Rackle and Sons, Newberg Sta., Cleveland, Ohio, for refund of overpayment of Franchise Tax	\$152.49	To pay Columbia Dry Goods Company, 501 Travis St., Houston, Texas, for refund of overpayment of Franchise Tax	\$562.50
To pay Gonzales Coca-Cola Bottling Company, Gonzales, Texas, for refund of overpayment of Franchise Tax	\$101.50	To pay The Flint Chemical Company, 2546 Clark Avenue at MCRR, Detroit 9, Michigan, for refund of overpayment of Franchise Tax	\$465.20
To pay Deep Well Pumps, Inc., Box 6691, Los Angeles 22, California, for refund of overpayment of Franchise Tax	\$154.25	To pay H. W. Sinclair Distributing Corporation, 4001 Main, Houston, Texas, for refund of overpayment of Franchise Tax	\$162.50
To pay Consumers Company, INT, Stratford, Texas, for refund of overpayment of Franchise Tax	\$40.00	To pay Bankline Oil Co., 437 South Hill St., Los Angeles, Calif., for refund of overpayment of Franchise Tax	\$230.00
To pay The American Thread Company, 260 West Broadway, New York, N. Y., for refund of overpayment of Franchise Tax	\$172.00	To pay Old River Investment Corporation, Box 1892, Houston, Texas, for refund of overpayment of Franchise Tax	\$101.25
To pay Pup Thomas, Inc., c/o Crenshaw and Griffith, 401 Central American Life Bldg., Lubbock, Texas, for refund of overpayment of Franchise Tax	\$65.78	To pay Canada Dry Bottling Co. of El Paso, Inc., 2031 East Yandell Blvd., El Paso, Texas, for refund of overpayment of Franchise Tax	\$53.75
To pay American Locomotive Company, Schenectady 5, New York, for refund of overpayment of Franchise Tax	\$1,380.00	To pay Turner Gravel Co., Box 446, Sta. A., San Antonio, Texas, for refund of overpayment of Franchise Tax	\$162.50
To pay United Tile Company, Inc., 2506 Franklin Ave., Waco, Texas, for refund of overpayment of Franchise Tax	\$37.50	To pay Schronrock Equipment Manufacturing Co., c/o Cherry and Eckert, McBurnett Bldg., San Angelo, Texas, for refund of overpayment of Franchise Tax	\$211.25
To pay Mansfield Hardwood Lumber Company, Box 91, Shreveport, La., for		To pay A. O. and Don Nissen, c/o Don Nissen, St. Anthony Hotel, San Antonio, Texas, for indemnity on hogs infected with Vesicular Exanthema disease	\$14,250.32

To pay P. R. Cox, 905 N. Ninth St., Temple, Texas, for indemnity on hogs infected with Vesicular Exanthema disease	\$16,174.23	voice against the Mexia State Home	\$98.25
To pay Illinois School for the Blind, Jacksonville, Ill., for Warrant No. 1543 on which the Statutes of Limitations prohibits payment	\$3.04	To pay the United States Department of State, Washington 25, D. C., for expenses in extradition case	\$54.01
To pay Duke University School of Medicine, Durham, North Carolina, on Warrant No. 209563 on which the Statutes of Limitations prohibits payment	\$229.95	To pay Scottish Union and National Insurance Co., Hartford, Conn., for refund of overpayment of Motor Vehicle Tax Premiums	\$157.32
To pay Firemen's Relief and Retirement, Mt. Pleasant, Texas, on Warrant No. 556295 on which the Statutes of Limitations prohibits payment	\$56.06	To pay Elizabeth H. Smallwood, 2154 Inwood, Houston, Texas, for refund of overpayment of Inheritance Tax	\$273.42
To pay Sam Aikin, c/o Sammie's Shoe Shop, 2203 East Avenue, Austin, Texas, on Warrant No. 421960 on which the Statutes of Limitations prohibits payment	\$25.00	To pay Mrs. Louise Reid Duff, c/o Strong, Moore, Pipkin, Strong & Nelson, 319 McFaddin Bldg., Beaumont, Texas, for refund of overpayment of Inheritance Tax	\$1,106.54
To pay Charles L. Wolfe, 316 First National Bank Bldg., Henderson, Texas, for serving as Special District Judge for 15 days	\$117.71	To pay R. P. Lightfoot, Jr., c/o T. B. Kellum, 728 Littlefield Bldg., Austin, Texas, for refund of overpayment of Inheritance Tax	\$173.62
To pay Graham B. Purcell, Jr., Staley Bldg., Wichita Falls, Texas, for serving as Special District Judge for 96 days	\$2,712.33	To pay H. E. Dishman and Mildred Lucas, c/o W. O. Bowers, Jr., 910 American National Bank Bldg., Beaumont, Texas, for refund of overpayment of Inheritance Tax	\$4,347.48
To pay DeWitt C. Bennett, 105 Market St., Orange, Texas, for serving as Special District Judge for 10 days	\$246.50	To pay Dorothy R. Saner, c/o Darrell G. Lochte, Attorney at Law, Kerrville, Texas, for refund of overpayment of Inheritance Tax	\$1,616.21
To pay Sam B. Hall, Judge, 71st Judicial District, Marshall, Texas, for reimbursement of travel expense while holding court out of his district.	\$84.71	To pay H. Ben Smith, c/o J. F. Hyman, Attorney at Law, 1224 Mercantile Bank Bldg., Dallas, Texas, for refund of overpayment of Inheritance Tax	\$5,320.24
To pay Marguerite M. Newton, Official Court Reporter, Tyler, Texas, for preparing statement of facts	\$23.40	To pay Vannie E. Cook, Jr., Box 1071, McAllen, Texas, for refund of overpayment of Inheritance Tax	\$39,764.45
To pay Raburn Mason, Court Reporter, Box 1318, McCamey, Texas, for preparing statement of facts	\$134.90	To pay Fred Erisman, Gregg County Courthouse, Longview, Texas, for Constitutional salary for Criminal District Attorney	\$3,000.00
To pay Bobby L. May, Court Reporter, 138th District Court, Brownsville, Texas, for preparing statement of facts	\$58.50	To pay Oscar B. Jones, 603 Buchanan, Longview, Texas, for Constitutional salary for Criminal District Attorney	\$1,000.00
To pay The Rohan Co., Inc., Box 887, Waco, Texas, for unpaid invoices against the Austin State Hospital	\$19.80	To pay David Moore, Gregg County Courthouse, Longview, Texas, for Constitutional salary for Criminal District Attorney	\$941.10
To pay The Library of Congress, Washington, D. C., for unpaid invoice against Texas State Library	\$4.76	To pay R. L. Whitehead, Glover-Crim Bldg., Longview, Texas, for Constitutional salary for Criminal District Attorney	\$3,000.00
To pay Clement Grain Co., Box 1367, Waco, Texas, for unpaid in-		To pay Andex, Inc., Box 1032, Mid-	

land, Texas, for refund of overpayment of Gross Receipts Tax \$1,250.75

To pay Bustin Canon, Sanderson, Texas, for refund of overpayment in purchasing certain State lands \$132.79

To pay Jack Butler, Box 29, McAllen, Texas, for refund of bonus paid on State land \$640.00

To pay Allen and Morris, Alamo National Bldg., San Antonio, Texas, for refund paid on principal and interest on certain State land \$630.54

To pay Mrs. Eva Muldoon, 4710 Feagan St., Houston, Texas, for refund of interest on decreased acreage of land by judgment of the District Court of Hardin Co., Texas. Cause No. 5689 \$1,611.12

To pay L. L. Jones, Route 2, Floydada, Texas, for refund of excess payment on State land purchase \$366.50

To pay Godfrey Engel, 3951 Buena Vista, Dallas, Texas, for refund of taxes paid on land he did not own \$44.51

To pay C. B. Long, Gordon, Texas, for judgment in which land patent was voided \$3,064.18

To pay T. F. Wilson, 505 Peoples Bank Bldg., Tyler, Texas, for refund of overpayment of Ad Valorem Tax \$14.31

To pay Federal Housing Administration, c/o Office of the Comptroller, Accounts Section, Washington 25, D. C., for refund of overpayment of Ad Valorem Tax \$7.98

To pay J. E. Weatherly, 1303 N. Vine St., Victoria, Texas, for refund of overpayment of Ad Valorem Tax \$9.55

To pay Grace F. Swinford, 2310 Arbor Avenue, Houston, Texas, for refund of overpayment of Ad Valorem Tax \$11.70

To pay Ezell Hightower, 3523 Avenue N $\frac{1}{2}$, Galveston, Texas, for refund of overpayment of Ad Valorem Tax \$24.95

To pay Jess F. Wolfe, 307 Martinez, San Antonio, Texas, for refund of overpayment of Ad Valorem Tax \$57.62

To pay John O. Lange, San Antonio Branch Office, Army Audit Agency, Ft. Sam Houston, Texas, for refund of overpayment of Ad Valorem Tax \$6.01

To pay L. T. Youhn, 2931 Drexel Drive, Houston, Texas, for refund of overpayment of Ad Valorem Tax \$10.95

To pay Mrs. Anna Stanton, 3808 Turnberry, Houston, Texas, for refund of Use Tax on motor vehicle \$14.25

To pay Billy C. Hall, 1st Combat Aviation Co., First A'md. Div., Ft. Hood, Texas, for refund on Use Tax paid on motor vehicle \$14.25

To pay William J. Brinkman, c/o Southwest Motor Club, Box 1507, Fort Worth, Texas, for refund of Use Tax paid on motor vehicle \$14.25

To pay Western Union Telegraph Company, Main and Pearl Sts., Dallas, Texas, for refund of Use Tax paid on motor vehicle \$14.25

To pay The Cooper Company, Inc., c/o Witt, Terrell, Jones and Riley, Amicable Bldg., Waco, Texas, for refund of Sales Tax paid on motor vehicles \$18.29

To pay Fred D. Abbott, Box 69, Tullia, Texas, for refund of Use Tax paid on motor vehicle \$14.25

To pay R. C. Buckhaults, 205 S. Date St., Tullia, Texas, for refund of New Resident Tax \$14.25

To pay Mrs. W. D. Haworth, 2665 Louisiana, Beaumont, Texas, for refund of Use Tax paid on motor vehicle \$14.25

To pay Pete C. Gibson, Calvert, Texas, for refund of Sales Tax on automobile \$40.12

To pay John W. Whitely, Box 496, Goldsmith, Texas, for refund of Use Tax paid on motor vehicle \$14.25

To pay Basil John Williams, 5602 Oriole St., Houston, Texas, for refund of Use Tax paid on motor vehicle \$14.25

To pay S/Sgt. Joe C. Harlan, 2596th ARFC, Hensley Field, Grand Prairie, Texas, for refund of Use Tax paid on motor vehicle \$14.25

To pay Sgt. Joe M. Wilson, Box 119, College Station, Texas, for refund of Sales Tax paid on motor vehicles \$47.78

To pay Clois L. Miller, Box 212, Mankins, Texas, for refund of Use Tax paid on motor vehicle \$6.25

To pay T. R. Hensley, Jr., 701 N.

33rd St., Waco, Texas, for refund of Use Tax paid on motor vehicle \$14.25

To pay Goad Motor Company, 401 S. Shoreline, Corpus Christi, Texas, for refund of Use Tax paid on motor vehicles \$42.75

To pay D. M. Coffey, 523 East 4th St., Tyler, Texas, for refund of Sales Tax on motor vehicles \$26.23

To pay Billy J. Adams, 66 Bullard Loop, Leavenworth, Kansas, for refund of Use Tax on motor vehicle \$30.13

To pay M/Sgt. Earl K. Spaulding, 321 West Romona Avenue, Colorado Springs, Colorado, for refund of Use Tax paid on motor vehicle \$14.25

To pay Shepard's Citations, Colorado Springs, Colorado, for old invoices on books delivered to Court of Civil Appeals at Amarillo, Texas \$450.00

To pay The Heirs of George S. Allison, c/o Elliott & Elliott, First National Bank Bldg., Sonora, Texas, for refund of overpayment of certain school lands \$861.39

Section 2. There is hereby appropriated \$218.11 out of the Architects Re-Registration Fund to pay the following:

To pay Von Boeckmann-Jones, Box 62, Austin, Texas, for unpaid invoices on printing for Texas Board of Architectural Examiners, Austin, Texas \$218.11

Section 3. There is hereby appropriated \$250.00 out of The Unemployment Compensation Fund to pay the following:

To pay Angelo L. Bogatto, 414 Oak, La Marque, Texas, for Warrants Nos. 890314, 890315 and 890316 on which the Statutes of Limitations prohibits payment \$60.00

To pay Melchor Furniture Company, 704 Preston Avenue, Houston 2, Texas, for Warrant No. 85106 on which the Statutes of Limitations prohibits payment \$20.00

To pay J. H. Ford, Linden, Texas, for Warrant No. 244522 on which the Statutes of Limitations prohibits payment \$18.00

To pay Jake Daleo, 1098 Park St., Beaumont, Texas, on Warrant No. 111751 on which the Statutes of Limitations prohibits payment \$20.00

To pay Texas Bank and Trust Company, Texas Bank Bldg., Main at Lamar, Dallas, Texas, on Warrant No. 870887 on which the Statutes of Limitations prohibits payment \$40.00

To pay Estanislao Hernandez, Box 533, Poteet, Texas, on Warrant No. 210085 on which the Statutes of Limitations prohibits payment \$20.00

To pay Mrs. Joy M. Jowell, 15 Delmar St., Houston, Texas, on Warrants No. 546906 and 566591 on which the Statutes of Limitations prohibits payment \$72.00

Section 4. There is hereby appropriated \$337.00 out of the School Foundation Fund to pay the following:

To pay Fulbright Independent School District, c/o F. L. Branson, Sup't. of Bogata High School, Bogata, Texas, for Warrant No. 324973 on which the Statutes of Limitations prohibits payment \$337.00

Section 5. There is hereby appropriated \$218.00 out of the Federal Rehabilitations Fund to pay the following:

To pay N. J. Lackey, Route 7, Box 447, Fort Worth, Texas, on Warrant No. 675495 on which the Statutes of Limitations prohibits payment \$218.00

Section 6. There is hereby appropriated \$334.75 out of the Old Age Assistance Fund to pay the following:

To pay Theodore Floca, 900 North 11th Street, Temple, Texas, on Warrant No. G914167 on which the Statutes of Limitations prohibits payment \$19.00

To pay W. Ford Barnes, Santa Anna, Texas—Guardian of Allen G. Poe, on Warrants No. F640437, F865248, G089516, G313253, G536264, G758730, G980866, H202493 on which the Statutes of Limitations prohibits payment \$240.00

To pay John L. Valentine, 1210 Guadalupe, Austin, Texas, on Warrant No. 949631 on which the Statutes of Limitations prohibits payment \$16.75

To pay Cornelius Evans, 1890 Pine St., Beaumont, Texas, on Warrant No. 357249 on which the Statutes of Limitation prohibits payment \$29.00

To pay J. V. Stepchinsky, c/o Stepchinsky Grocery & Market, Brenham, Texas, on Warrant No. 305860, on

which the Statutes of Limitation prohibits payment \$30.00

Section 7. There is hereby appropriated \$576.44 out of the Texas State Railroad Fund to pay the following:

To pay Alva Sanders, National City Building, Dallas 1, Texas, for reimbursement of personal funds used while serving as Chairman of Board of Managers of the Texas State Railroad \$576.44

Section 8. There is hereby appropriated \$25.00 out of the Dental Registration Fund to pay the following:

To pay Carl C. Hardin, Jr., Capital National Bank Bldg., Austin, Texas, for refund of license fee paid from personal funds. \$25.00

Section 9. There is hereby appropriated \$150.69 out of the State Highway Fund to pay the following:

To pay Fred Coursey, 712-19th Street, S. E., Paris, Texas, for expenses incurred while repairing equipment away from District Headquarters \$97.69

To pay C. F. Sorsby, Waller, Texas, on Warrant No. 485315, on which the Statutes of Limitations prohibits payment \$53.00

Section 10. There is hereby appropriated \$4,197.61 out of the Motor Fuel Fund to pay the following:

To pay Jefferson Chemical Company, 260 Madison Avenue, New York 16, N. Y., for refund of Motor Fuel Tax \$2,326.40

To pay James Amberson, Hondo, Texas, on Warrant No. 509052, on which the Statutes of Limitations prohibits payment \$204.51

To pay John R. Grantham, Jr., 1132 West 8th St., McGregor, Texas, on Warrant No. 523498, on which the Statutes of Limitations prohibits payment \$28.29

To pay G. R. Woodard, Deport, Texas, on Warrant No. 63981, on which the Statutes of Limitations prohibits payment \$17.08

To pay The Treasurer of the United States Government, Headquarters Air Material Command, Wright Patterson Air Force Base, Ohio, for refund of Motor Fuel Tax \$50.85

To pay City of Fort Worth, Meacham Field, c/o W. G. Fuller, Director of Aviation, Fort Worth, Texas, for refund of Motor Fuel Tax \$895.06

To pay State of Colorado, Dep't. of Revenue, c/o R. S. Briggs, Divisional Supervisor, State Capitol Annex, Denver, Colorado, for refund of Motor Fuel Tax \$675.42

Section 11. There is hereby appropriated \$30.00 out of the Federal Venereal Disease Fund to pay the following:

To pay Ellis Gates, c/o Jeremiah I. Rhodes, Eagle Pass, Texas, on Warrant No. 271852, on which the Statutes of Limitations prohibits payment \$30.00

Section 12. There is hereby appropriated \$19.00 out of the Blind Assistance Fund to pay the following:

To pay Charles Derbigny, 135 Rice Road, San Antonio, Texas, on Warrant No. 026472, on which the Statutes of Limitations prohibits payment \$19.00

Section 13. There is hereby appropriated \$15.00 out of the Securities Act Fund to pay the following:

To pay Mrs. Lula Huggins, 307 East Commerce, Jacksonville, Texas, for refund of unused Securities Dealers License \$15.00

Section 14. There is hereby appropriated \$25.00 out of the Federal Health Fund to pay the following:

To pay Dr. Robert S. Alcorn, 1406 N. Depot Street, Victoria, Texas, for Warrant No. 151507, on which the Statutes of Limitations prohibits payment \$25.00

Section 15. There is hereby appropriated \$27.95 out of the Teacher Saving Fund to pay the following:

To pay John Kidd, County Clerk—Limestone County, Groesbeck, Texas, for Thelma Vernice Echols, minor beneficiary of Thelma V. Echols, deceased, on Warrant No. 810299, on which the Statutes of Limitations prohibits payment \$9.32

To pay John Kidd, County Clerk—Limestone County, Groesbeck, Texas, for Naomi Echols, minor beneficiary of Thelma V. Echols, deceased, on Warrant No. 810300, on which the Statutes of Limitations prohibits payment \$9.31

To pay John Kidd, County Clerk—Limestone County, Groesbeck, Texas, for Alexander Echols, minor beneficiary of Thelma V. Echols, deceased, on Warrant No. 810298, on which the Statutes of Limitations prohibits payment \$9.32

Section 16. There is hereby appropriated \$269.90 out of the Federal School Lunch Fund to pay the following:

To pay Van Zandt ISD Lunch, c/o County School Sup't., Canton, Texas, on Warrant No. 46873, on which the Statutes of Limitation prohibits payment \$254.00

To pay St. Paul Lutheran School, Thorndale, Texas, on Warrants Nos. 317191 and 323846, on which the Statutes of Limitations prohibits payment \$15.90

Section 17. There is hereby appropriated \$2,289.99 out of the Game and Fish Fund to pay the following:

To pay Wadley Benoit, 1540-D, James Long Apartments, Port Arthur, Texas, for refund of non-resident Commercial Fisherman's License No. 4, issued September 1, 1944 \$197.00

To pay Robert E. Broussard, Jr., Del Walt Hotel, Brownsville, Texas, for refund of non-resident Commercial Fisherman's License No. 533, issued Sept. 4, 1947 and No. 790 issued April 5, 1947 \$394.00

To pay Harry M. Brown, Jr., 3267 Delta Avenue, Long Beach, California, for refund of non-resident Commercial Fisherman's License No. 17, issued Nov. 13, 1948 \$197.00

To pay Joseph Cardinale, General Delivery, Aransas Pass, Texas, for refund of non-resident Commercial Fisherman's License No. 504, issued February 6, 1946 \$197.00

To pay Jules Simoneaux, Rt. 1, Box 317, Brownsville, Texas, for refund of non-resident Commercial Fisherman's License No. 807, issued April 3, 1947 \$197.00

To pay A. N. Tabbot, Box 68, McKenzie Rd., Brownsville, Texas, for refund of non-resident Commercial Fisherman's License No. 718, issued December 5, 1946 \$197.00

To pay Clebert Boudoin, 1621 Mesquite St., Corpus Christi, Texas, for refund of non-resident Commercial Fisherman's License No. 702, issued October 1, 1946 \$197.00

To pay James W. Chaisson, 2407 East 20th St., Brownsville, Texas, for refund of non-resident Commercial Fisherman's License No. 787 issued April 5, 1947 and No. 2 issued September 2, 1948 \$394.00

To pay Gulf Oil Corporation, Gulf Bldg., Houston, Texas, for unpaid invoices against Game and Fish Commission \$30.49

To pay Mrs. Jesse Browning, c/o Isidore Flores, 205 Furnish St., San Antonio, Texas, for Warrant No. 637562, on which the Statute of Limitations prohibits payment \$289.50

Section 18. There is hereby appropriated \$562.19 out of funds appropriated for fiscal year ending August 31, 1954, to the Texas Aeronautics Commission for travel expense to pay outstanding accounts incurred in traveling out of the State during that year without the permission from the Attorney General.

To pay W. Vernon Walsh, Pan-Am Bldg., Brownsville, Texas, for travel expense \$370.16

To pay Cliff B. Green, Texas Aeronautics Commission, Austin, Texas, for travel expense \$83.60

To pay Hertz Drive-Ur-Self System, 1919 San Jacinto, Houston 3, Texas, for car rental \$73.32

To pay Hertz Drive-Ur-Self System, Municipal Airport, Austin, Texas, for car rental \$35.11

Section 19. It is specifically provided herein that before any claim shall be paid from funds hereby appropriated, the same shall have the approval of the State Auditor, the State Comptroller and the Attorney General. It is further provided that any claim involving the refund of a franchise tax shall carry the approval of the Secretary of State in addition to the other officials herein named.

Section 20. That the Comptroller is hereby authorized and directed to issue a warrant or warrants on the State Treasury in favor of each of the persons, firms or corporations named herein, in the amounts set opposite their respective names, and shall mail or deliver to each of the said persons, firms or corporations at their respective addresses, warrant or warrants in payment of said claim or claims, and said persons, firm or corporations, shall duly receipt the Comptroller for said warrant or warrants in payment of said claim or claims.

Section 21. The fact that the claims herein appropriated are past due, and the persons, firms and corporations to whom the same are payable are being deprived of the proceeds

thereof, creates an emergency and an imperative necessity that the constitutional rule requiring bills to be read on three several days in each House be, and the same is hereby suspended and this Act shall take effect and be in force from and after its passage, and it is so enacted.

The Conference Committee report was read and was adopted.

Senate Bill 282 on Second Reading

On motion of Senator Aikin and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 282, A bill to be entitled "An Act amending Article 2911 of the Revised Civil Statutes of Texas; to provide for exemptions therefrom when in conflict with certain religious teachings; and declaring an emergency."

The bill was read the second time.

Senator Aikin offered the following amendment to the bill:

Amend S. B. 282 by striking out all below the enacting clause and insert in lieu thereof the following:

Section 1. Amend Article 2911 of the Revised Civil Statutes of Texas so that the same shall hereafter provide the following:

Article 2911. Prescribed Studies.

All public schools in this State shall be required to have taught in them orthography, reading in English, penmanship, arithmetic, English grammar, modern geography, composition, mental arithmetic, Texas history, United States history, civil government, elementary agriculture, cotton grading, and other branches as may be agreed upon by the trustees or directed by the State Commissioner of Education; provided, that the subject of elementary agriculture shall not be required to be taught in independent school districts having a scholastic population of three hundred (300) or more unless so ordered by the school boards. Suitable instruction shall be given in the primary grades as acts regarding kindness to animals and the protection of birds and their nests and eggs. Elementary agriculture shall include certain practical field studies and laboratory experiments as prescribed by the County school trustees

in conformity to law and the requirements of the State Superintendent. Each summer normal institute and each county teachers institute shall employ at least one instructor who shall be selected because of his special preparation to give instruction in agriculture. All of the above-mentioned schools shall be required to have taught in them physiology and hygiene, provided however, that said studies shall be elective. The effects of alcohol and narcotics shall be taught in all grades of the public schools and in all of the colleges and universities that are wholly or in part supported by State funds.

Provided that this shall not require the immediate adoption of textbooks to carry into effect the requirement that the effects of alcohol and other narcotics be taught in all of the Public Schools and in all colleges and universities that are wholly or in part supported by State funds and provided further that all the next adoption of textbooks on physiology and hygiene it be required to be taught in all of the above-mentioned schools. All textbooks on physiology and hygiene purchased in the future for use in the public schools of this State shall include at least one chapter on the effects of alcohol and narcotics, but this shall not be construed as a requirement that duly adopted textbooks in use at the present time be discarded until full use of said books is had as in ordinary cases.

Section 2. The fact that it is to the best interest of some students that they not be required to study certain subjects, creates an emergency and an imperative public necessity that the Constitutional Rule requiring bills to be read on three several days in each House be suspended, and said rule is hereby suspended, and this Act shall be in effect from and after its passage, and it is so enacted.

The amendment was adopted.

On motion of Senator Aikin and by unanimous consent the caption was amended to conform to the body of the bill as amended.

The bill as amended was passed to engrossment.

Senate Bill 282 on Third Reading

Senator Aikin moved that Senate Rule 32 and the constitutional rule requiring bills to be read on three several days be suspended and that Sen-

ate Bill No. 282 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—31

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Lane	Shireman
Latimer	Strauss
Lock	Wagonseller
Martin	Weinert
McDonald	Willis

The President then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed.

Senate Concurrent Resolution 67 on First Reading

Senator Rogers of Travis moved that Senate Rule 114 and Section 5 of Article III of the State Constitution be suspended to permit his introducing at this time, a resolution, the provisions of which he explained.

The motion prevailed by the following vote:

Yeas—26

Aikin	Moffett
Bracewell	Moore
Colson	Owen
Corbin	Parkhouse
Fly	Phillips
Fuller	Ratliff
Hardeman	Roberts
Hazlewood	Rogers of Travis
Kazen	Secrest
Kelley	Shireman
Lane	Strauss
Lock	Wagonseller
McDonald	Willis

Nays—2

Martin	Rogers of Childress
--------	------------------------

Absent

Ashley	Weinert
Latimer	

The following resolution was then introduced, read first time and referred to the committee indicated:

S. C. R. 67, Granting Karoll's permission to sue the State of Texas.

Whereas, Prior to September 1, 1954, the Texas State Board of Control invited bids for the manufacture and delivery of certain dresses, jackets and other wearing apparel to be used by the inmates in the Texas State Hospitals and Special Schools; and

Whereas, Karoll's, Inc., a corporation with its principal office at 32 North State Street in Chicago, Illinois, was the successful bidder, and was awarded contracts dated September 1, 1954, October 18, 1954 and on October 21, 1954; and

Whereas, Karoll's, Inc. manufactured and delivered at the places designated in said contract the required number of dresses, jackets and other items bid on, the total contract price for such clothing being \$21,278.02; and

Whereas, a bona fide controversy has arisen between Karoll's, Inc. and the Board for Texas Hospitals and Special Schools as to whether or not the manufactured garments met the agreed upon specifications, and whether such garments were delivered within the time fixed in said contract; and

Whereas, The Board for Texas State Hospitals and Special Schools, acting by O. G. Hereford, its Chief Supply Officer, has refused to approve the invoices for \$21,278.02, or for any other amount, and forward such approval to the State Board of Control; and

Whereas, Except with the permission of the Legislature, suit cannot be maintained to determine the controversy between Karoll's, Inc. and the Board for Texas State Hospitals and Special Schools; and

Whereas, It is the policy of the Legislature of the State of Texas to give and grant to persons and corporations the right to litigate in a court of competent jurisdiction the validity of any claim being asserted against the State of Texas or any of its agencies; now, therefore, be it

Resolved, by the Senate of the State of Texas with the House of Representatives concurring, That Karoll's, Inc. be and it is hereby granted permission to bring suit against the State of Texas, the State Board of Control and the Board for Texas Hospitals

and Special Schools in any court of competent jurisdiction in Travis County, Texas, for the purpose of determining the validity of the claim being asserted by Karoll's, Inc. arising out of the contracts made by and between the State Board of Control and Karoll's, Inc. Service of citation for the purposes herein granted may be had by serving citation upon the Attorney General, the State Comptroller of Public Accounts and the State Treasurer of the State of Texas; be it further

Resolved, That such suit may be filed at any time within two (2) years from the effective date of this resolution; and be it further

Resolved, That the granting of the right to bring this suit shall not be considered or understood as an admission of liability on the part of the State of Texas, or as an admission as to any of the contentions being asserted by Karoll's, Inc., and shall not be considered as a waiver of any rights or defense that might be interposed for and on behalf of the State of Texas, State Board of Control and the Board for State Hospitals and Special Schools.

To the Committee on Civil Jurisprudence.

Senate Concurrent Resolution 68

Senator Rogers of Travis offered the following resolution:

S. C. R. 68, Suspending Joint Rules to consider H. C. R. No. 157.

Be it resolved, by the Senate of the State of Texas with the House of Representatives concurring, That the Senate of Texas be authorized to take up and consider on any day House Concurrent Resolution Number 157.

The resolution was read.

Senate Concurrent Resolution 26 with House Amendments

Senator Hazlewood called S. C. R. No. 26 from the President's table for consideration of the House amendments to the resolution.

The President laid the resolution and House amendments before the Senate, and the House amendments were read.

Senator Hazlewood moved that the Senate concur in the House amendments.

The motion prevailed.

Senate Bill 359 with House Amendments

Senator Corbin called S. B. No. 359 from the President's table for consideration of the House amendments to the bill.

The President laid the bill and House amendments before the Senate, and the House amendments were read.

Senator Corbin moved that the Senate concur in the House amendments.

The motion prevailed by the following vote:

Yeas—26

Aikin	Moore
Ashley	Owen
Bracewell	Parkhouse
Colson	Ratliff
Corbin	Roberts
Fuller	Rogers
Hardeman	of Childress
Hazlewood	Secrest
Kazen	Shireman
Kelley	Strauss
Lane	Wagonseller
Latimer	Weinert
Lock	Willis
McDonald	

Nays—4

Martin	Phillips
Moffett	Rogers of Travis

Absent

Fly

Senate Resolution 355

Senator Ashley offered the following resolution:

Whereas, We are honored today to have in the gallery the Civics Class of the May High School, accompanied by Mr. Smith and Mr. Rives; and

Whereas, These students and guests are on an educational tour of the Capitol Building and the Capital City; and

Whereas, This fine class of young American citizens is here to observe and learn firsthand the workings of their State Government; now, therefore, be it

Resolved, That we officially recognize and welcome this class and commend them for their interest, and that a copy of this resolution, properly endorsed, bearing the official seal of the Senate, be mailed to them in recognition of their visit.

The resolution was read and was adopted.

Senator Ashley, by unanimous consent, presented the students and Mr. Smith and Mr. Rives to the Members of the Senate.

(Senator Hardeman in the Chair.)

Motion to Place Senate Bill 135 on Second Reading

Senator Moffett asked unanimous consent to suspend the regular order of business and take up S. B. No. 135 for consideration at this time.

There was objection.

Senator Moffett then moved to suspend the regular order of business and take up S. B. No. 135 for consideration at this time.

The motion was lost by the following vote: (not receiving two-thirds vote of the Members present):

Yeas—18

Aikin	Moffett
Ashley	Moore
Colson	Rogers
Corbin	of Childress
Fly	Rogers of Travis
Hardeman	Secrest
Hazlewood	Shireman
Kazen	Wagon seller
Kelley	Weinert
Martin	

Nays—10

Fuller	Parkhouse
Lane	Phillips
Latimer	Ratliff
McDonald	Roberts
Owen	Willis

Absent

Bracewell	Strauss
Lock	

House Bill 593 on Second Reading

Senator Ashley asked unanimous consent to suspend the regular order of business and take up H. B. No. 593 for consideration at this time.

There was objection.

Senator Ashley then moved to suspend the regular order of business and take up H. B. No. 593 for consideration at this time.

The motion prevailed by the following vote:

Yeas—22

Ashley	Moffett
Bracewell	Moore
Colson	Parkhouse
Corbin	Ratliff
Fly	Roberts
Fuller	Rogers
Hazlewood	of Childress
Kazen	Secrest
Kelley	Wagon seller
Lane	Weinert
Latimer	Willis
McDonald	

Nays—4

Aikin	Martin
Hardeman	Shireman

Absent

Lock	Rogers of Travis
Owen	Strauss
Phillips	

The Presiding Officer laid before the Senate on its second reading and passage to third reading:

H. B. No. 593, A bill to be entitled "An Act reorganizing the 38th Judicial District; prescribing its jurisdiction and conforming the jurisdiction; creating the 139th Judicial District and prescribing its jurisdiction; etc.

The bill was read second time.

Senator Ashley offered the following amendment to the bill:

Amend House Bill No. 593 by striking out all below the enacting clause and substituting in lieu thereof the following:

Section 1. Subdivision 38 of Article 199, Revised Civil Statutes of Texas, 1920, as amended, is hereby amended to read as follows:

"38.—Medina, Uvalde, Zavala and Real.

"The Thirty-eighth Judicial District shall be composed of the Counties of Medina, Uvalde, Zavala and Real, and the terms of the district court shall be held therein as follows:

"In Medina County, beginning on the first Monday in January and June.

"In Uvalde County, beginning on the first Monday in February and September.

"In Zavala County, beginning on the first Monday in March and October.

"In Real County, beginning on the first Monday in April and November.

"Each term of court in each of such counties shall continue until the date herein fixed for the beginning of the next succeeding term. The judge of the district may hold as many sessions of court during each term as is deemed proper and expedient for the dispatch of business."

Sec. 2. The Second Thirty-eighth Judicial District of Texas is hereby created and shall be composed of the Counties of Kerr, Bandera, Kendall, Kimble, and Gillespie, and the terms of the district court shall be held therein as follows:

In Kerr County, beginning on the first Monday in January and June.

In Bandera County, beginning on the first Monday in February and September.

In Kendall County, beginning on the fourth Monday in February and September.

In Kimble County, beginning on the third Monday in March and October.

In Gillespie County, beginning on the second Monday in April and November.

Each term of court in each of such counties shall continue until the date herein fixed for the beginning of the next succeeding term. The judge of the district may hold as many sessions of court during each term as is deemed proper and expedient for the dispatch of business.

Sec. 3. Section 1 of Chapter 11, General Laws of the 41st Legislature, Third Called Session, 1929, as amended by Chapter 6, Acts of the 49th Legislature, 1945, is hereby amended and added to Article 199, Revised Civil Statutes of Texas, 1925, as Subdivision 112 thereof, to read as follows:

"112.—Pecos, Upton, Sutton and Crockett.

"The One Hundred and Twelfth Judicial District shall be composed of the Counties of Pecos, Upton, Sutton and Crockett, and the terms of the district court shall be held therein as follows:

"In Pecos County, beginning on the first Monday in January, May and November and second Monday in July.

"In Upton County, beginning on the first Monday in February and the second Monday in June.

"In Sutton County, beginning on the third Monday in March and the first Monday in September.

"In Crockett County, beginning on

the first Monday in April and the third Monday in September.

"Each term of court in each of such counties shall continue until the date herein fixed for the beginning of the next succeeding term. The judge of the district may hold as many sessions of court during each term as is deemed proper and expedient for the dispatch of business."

Sec. 4. Subdivision 33 of Article 199, Revised Civil Statutes of Texas, 1925, as amended, is hereby amended to read as follows:

"33.—Mason, Blanco, Menard, San Saba, Llano and Burnet.

"The Thirty-third Judicial District shall be composed of the Counties of Mason, Blanco, Menard, San Saba, Llano and Burnet, and the terms of the district court shall be held therein as follows:

"In Mason County, beginning on the second Monday in January and June.

"In Blanco County, beginning on the first Monday in February and September.

"In Menard County, beginning on the fourth Monday in February and September.

"In San Saba County, beginning on the second Monday in March and October.

"In Llano County, beginning on the first Monday in April and November.

"In Burnet County, beginning on the fourth Monday in April and November.

"Each term of court in each of such counties shall continue until the date herein fixed for the beginning of the next succeeding term. The judge of the district may hold as many sessions of court during each term as is deemed proper and expedient for the dispatch of business."

Sec. 5. The present Judges and District Attorneys of the 33rd, 38th and 112th Judicial Districts shall continue as the Judges and District Attorneys of these districts as herein reorganized unless they are disqualified by the laws of this State to continue in such office, in which event a successor shall be appointed as provided by law. The Governor shall appoint qualified attorneys to serve as the Judge and District Attorney of the Second Thirty-eighth Judicial District, who shall serve until the next general election, at which time a Judge and a District Attorney shall be elected to serve a term of four years.

Sec. 6. Whenever any county is by this Act removed from one judicial district and placed in another judicial district, all cases and proceedings on the docket or dockets of the court of the district from which the county was removed together with all records, documents, and instruments on file in connection therewith shall be transferred by the district clerk of such county to the district court of the judicial district in which such county is placed and there be by him properly docketed.

Sec. 7. Whenever cases or other proceedings are transferred from any district court to another district court, the judge of the court to which they are transferred shall have full power and authority to perform all judicial acts relative thereto which the judge of the court from which they were transferred was empowered and authorized to perform had the transfer not been made, and all writs, processes, bonds, bail bonds, recognizances, complaints, informations, and indictments, and any other ancillary matters whether mentioned herein or not, returnable to the court from which such cases or proceedings were transferred shall be thereafter returnable to the first term of the court to which the same are transferred, and all of the same are hereby authorized and validated as if they had been made returnable originally to that court.

Sec. 8. All judges of the several district courts herein created or continued shall have authority to appoint official court reporters to serve their courts, who shall receive the fees and salaries provided by law for court reporters of district courts generally.

Sec. 9. The Second Thirty-eighth District Court shall have a seal in like design as is provided by law for seals of such courts.

Sec. 10. All laws and parts of laws in conflict herewith are hereby repealed to the extent of such conflict only. Otherwise this Act shall be cumulative of all other laws governing district courts.

Sec. 11. If any section, subsection, or portion of this Act shall be held invalid, such invalidity shall not affect the remaining portions, and the Legislature hereby declares that it would have enacted such remaining portions of this Act despite such invalidity.

Sec. 12. The effective date of this Act is September 1, 1955.

Sec. 13. The crowded condition of the docket in various districts affected by this Act and the inability

of the court to dispose of pending matters in an expeditious manner create an emergency and an imperative public necessity that the Constitutional Rule requiring bills to be read on three several days in each House be suspended, and said rule is hereby suspended, and that this Act shall take effect and be in force as herein provided, and it is so enacted.

The amendment was adopted.

Senator Ashley offered the following amendment to the bill:

Amend House Bill No. 593 by striking out all above the enacting clause and substituting in lieu thereof the following:

A BILL TO BE ENTITLED

"An Act creating the Second Thirty-eighth Judicial District, to be composed of Kerr, Bandera, Kendall, Kimble, and Gillespie Counties; reorganizing the 33rd, 38th and 112th Judicial Districts by transferring Kerr, Bandera and Kendall Counties from the 38th to the Second Thirty-eighth Judicial District, by transferring Kimble County from the 112th to the Second Thirty-eighth Judicial District, and by transferring Gillespie County from the 33rd to the Second Thirty-eighth Judicial District; providing for terms of court in the several districts; providing for the selection and term of office of a Judge and a District Attorney for the Second Thirty-eighth Judicial District; making provisions relative to the Judges and District Attorneys of the 33rd, 38th and 112th Judicial Districts as reorganized; providing for transfer of cases and proceedings where a county is placed in a different judicial district; providing that all writs and processes issued, bonds, bail bonds, recognizances, complaints, informations, indictments and ancillary matters heretofore issued are authorized and valid and returnable to the first term of court in the respective districts; providing for shorthand reporters for the several districts; providing for a seal for the Second Thirty-eighth District Court; repealing laws in conflict to the extent of such conflict; containing a severability clause; providing an effective date; and declaring an emergency."

The amendment was adopted.

The bill, as amended, was passed to third reading.

House Bill 593 on Third Reading

Senator Ashley moved that Senate Rule 32 and the constitutional rule requiring bills to be read on three several days be suspended and that House Bill No. 593 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—25

Ashley	Moffett
Bracewell	Moore
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hazlewood	Rogers
Kazen	of Childress
Kelley	Rogers of Travis
Lane	Secrest
Latimer	Wagonseller
Lock	Weinert
McDonald	Willis

Nays—4

Aikin	Martin
Hardeman	Shireman

Absent

Owen	Strauss
------	---------

The Presiding Officer then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—25

Ashley	Moffett
Bracewell	Moore
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hazlewood	Rogers
Kazen	of Childress
Kelley	Rogers of Travis
Lane	Secrest
Latimer	Wagonseller
Lock	Weinert
McDonald	Willis

Nays—4

Aikin	Martin
Hardeman	Shireman

Absent

Owen	Strauss
------	---------

Message from the House

Hall of the House of Representatives,
Austin, Texas,
May 16, 1955.

Hon. Ben Ramsey, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following:

The House has appointed the following conferees on H. B. No. 287: Carr; Berry; McGregor, Frank; McDaniel; Reeves.

S. C. R. No. 65, Recalling Senate Bill No. 236.

The House has adopted the Conference Committee Report on House Bill No. 39 by a viva voce vote.

The House refused to concur in Senate amendments to House Bill No. 757 and has requested the appointment of a Conference Committee to consider the differences between the two Houses.

The House has concurred in Senate amendments to House Bill No. 888 by vote of 130 ayes, 0 noes.

The House has concurred in Senate amendments to House Bill No. 571 by vote of 130 ayes, 0 noes.

The House has concurred in Senate amendments to House Bill No. 811 by viva voce vote.

The House refused to concur in Senate amendments to House Bill No. 742 and has requested the appointment of a Conference Committee to consider the differences between the two Houses.

The House has adopted the Conference Committee Report on House Bill No. 683 by a division vote of 90 ayes, 0 noes.

Respectfully submitted,
DOROTHY HALLMAN,
Chief Clerk, House of Representatives.

(President in the Chair.)

Conference Committee Report on House Bill 683

Senator Secrest submitted the following Conference Committee Report on H. B. No. 683:

Hon. Ben Ramsey, President of the Senate.

Hon. Jim Lindsey, Speaker of the House of Representatives.

Sirs: We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on H. B. No. 683, have met and had same under consideration, and beg to report it back with the recommendation that it do pass in the form attached.

ROGERS of Travis
MARTIN
FLY
MOORE
SECREST

On the part of the Senate.

CORY
SPILMAN
NIEMANN
CARR
SCHWARTZ

On the part of the House.

H. B. No. 683:

A BILL
TO BE ENTITLED

"An Act providing for the amendment of Article 21.28 of the Texas Insurance Code of 1951, such Act concerning the liquidation, rehabilitation, reorganization, or conservation of insurers, and placing same under the Board of Insurance Commissioners; defining certain words and phrases used in this Act; providing for the appointment of a liquidator by the Board of Insurance Commissioners; providing that in all delinquency proceedings against insurers said liquidator shall be appointed as receiver therefor, and outlining his duties as such receiver; providing for ancillary delinquency proceedings; defining the powers, duties, rights, and privileges of receivers, liquidators, special deputy liquidators and other assistants and employees provided under the authority of this Act; defining the custody of the court; placing title to assets in the receiver; providing for the relation back of the title of the receiver; providing the filing and recording of order directing possession to be taken as notice; fixing the rights of interested parties; providing for bonds of receiver and assistants; providing for the preparation and filing by the liquidator of duplicate inventories of the insurer's assets; providing for the sale or disposition of real

and personal property and the selling or compounding of doubtful or uncollectible debts or claims; providing for the purchase of assets by creditors paying therefore with dividends and the designation of a representative to act for such creditors; providing for the deposit of all moneys collected by the liquidator; providing for the filing of claims, certain provisions with regard to contingent claims, providing for claim to be made by a person who has a cause of action against an insured of such delinquent insurer under a liability policy; providing no judgment against an insured of a delinquent insurer shall be allowed; providing for offsets; providing for the rejections of claims and actions upon such rejected claims; providing for injunctions and orders restraining the transaction of the business of a delinquent insurer or the waste or disposition of its property or requiring the delivery of its property or assets to the receiver; providing for injunctions or orders preventing interference with the receiver or proceedings, or the waste of the assets of the delinquent insurers, or the commencement or prosecution of actions, or the obtaining of preferences, judgments, attachments, garnishments, other liens, or making levy against delinquent insurers or its assets; providing for the disallowance of claims, judgments, liens or preferences obtained in derogation of the terms of injunctions or orders; providing that no judgment or order shall be binding upon the receiver unless the receiver is a party; providing that venue shall be in courts of competent jurisdiction in the county in which the delinquency proceedings are pending on actions or proceedings instituted after the commencement of delinquency proceedings by or against the insurer or receiver; providing for the avoidance of preferences; providing for the personal liability of persons acting on behalf of delinquent insurers participating in voidable transfers; providing for the avoidance of voidable transfers; providing for the priority of claims for wages; providing for the levying of assessments in delinquency proceedings; providing for the collection of assessments; providing for the bringing of suits for collection of assessments in a court of competent jurisdiction in the county in which such delinquency proceedings are pending; providing that the provi-

sions with regard to assessments are cumulative; providing for the payment of dividends; providing that interest shall not accrue subsequent to the commencement of delinquency proceedings; providing for equalization of the claims of foreign claimants; providing for the setoff of dividends; providing for the disposition of unclaimed dividends on approved claims; providing for the revesting of title to the insurer's assets in the stockholders of such insurer upon making provision for dividends and liabilities; providing for the disposition of the remaining assets of any delinquent insurer other than a stock insurance company; providing for the continuous administration of delinquency proceedings; providing for the reopening of closed delinquency proceedings; providing that reinsurers of delinquent insurers shall become liable on approved claims as though such claims had been actually paid regardless of any provision in the reinsurance contract to the contrary; providing for the notification of reinsurers of delinquent insurers; providing for the use of the records of delinquent insurers and of the liquidator in evidence; providing for the certification of records by the liquidator; providing for the receipt in evidence of certificates by the liquidator; providing for the bond of the liquidator; providing for the compensation of the liquidator and of all special deputy liquidators, counsel, clerks and assistants hereunder; providing for the liquidator's bond; providing for the filing of reports; providing for ancillary delinquency proceedings; providing for contracts with foreign receivers; providing for the borrowing by the receiver on the pledge of assets; providing for the repeal of all laws or parts of laws in conflict herewith with certain exceptions; and declaring an emergency."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. That Article 21.28, of the Insurance Code, Acts 1951, Fifty-second Legislature, Chapter 491, be and the same is hereby amended so that hereafter such Article shall read as follows, to wit:

"Article 21.28. LIQUIDATION, REHABILITATION, REORGANIZATION OR CONSERVATION OF INSURERS.

"Section 1. DEFINITIONS. For the purposes of this Article:

"(a) 'Insurer' means and includes capital stock companies, reciprocal or interinsurance exchanges, Lloyd's associations, fraternal benefit societies, mutual and mutual assessment companies of all kinds and types, statewide assessment associations, local mutual aids, burial associations, county and farm mutual associations, fidelity, guaranty and surety companies, trust companies organized under the provisions of Chapter 7 of Texas Insurance Code of 1951, and all other organizations, corporations, or persons transacting an insurance business, unless such insurers are by statute specifically, by naming this Article, exempted from the operation of this Article.

"(b) 'Delinquency proceeding' means any proceeding commenced in any court of this State against an insurer for the purpose of liquidating, rehabilitating, reorganizing or conserving such insurer.

"(c) 'Assets' means all property, real or personal, whether specifically mortgaged, pledged, deposited, or otherwise encumbered for the security or benefit of specified persons, or a limited class or classes of persons. The word 'assets,' as used in this Article, includes all deposits and funds of a special or trust nature.

"(d) 'Liquidator' means the person designated by the Board of Insurance Commissioners as receiver, liquidator, rehabilitator, or conservator of all insurers as defined herein.

"(e) 'Board' means the Board of Insurance Commissioners of the State of Texas.

"(f) 'Court,' unless the same clearly appears to the contrary from the text of this Article, means the court in which the delinquency proceeding is pending.

"Section 2. GENERAL PROCEDURES.

"(a) **Receiver Taking Charge.** Whenever under the law of this State a court of competent jurisdiction finds that a receiver should take charge of the assets of an insurer domiciled in this State, the liquidator designated by the Board of Insurance Commissioners as hereinafter provided for shall be such receiver. The liquidator so appointed receiver shall forthwith take possession of the assets of such

insurer and deal with the same in his own name as receiver or in the name of the insurer as the court may direct.

"(b) Title in Receiver. The property and assets of such insurer shall be in the custody of the court as of the date of the commencement of such delinquency proceedings. The said receiver and his successors in office shall be vested by operation of law with the title to all the property, contracts and rights of action of such insurer, wherever located, as of the date of entry of the order directing possession to be taken. Such title of the receiver shall relate back to the date of the commencement of the delinquency proceedings unless the court shall otherwise provide. The filing or recording of such an order in any record office of the State shall impart the same notice as would be imparted by a deed, bill of sale, or other evidence of title duly filed or recorded by such insurer.

"(c) Rights Fixed. The rights and liabilities of any such insurer and of its creditors, policyholders, members, officers, directors, stockholders, agents, and all other persons interested in its estate, shall, unless otherwise directed by the court, be fixed as of the date of the commencement of the delinquency proceedings, subject, however, to the provisions of Section 3 with respect to the rights of claimants holding contingent claims, and as otherwise expressly provided in this Article.

"(d) Bonds. The receiver shall be responsible, on his official bond hereinafter provided for, for all assets coming into his possession. The court may require an additional bond, or bonds, from the said receiver, and, if deemed desirable for the protection of the assets, may require a bond, or bonds, of any special deputy liquidator, or other assistant or employee appointed by or under the authority of this Article.

"(e) Conducting of Business. Upon taking possession of the assets of a delinquent insurer the receiver shall, subject to the direction of the court, immediately proceed to conduct the business of the insurer, or to take such steps as may be necessary to conserve the assets and protect the rights of policyholders and claimants for the purpose of liquidating, rehabilitating, reinsuring, reorganizing or conserving the affairs of the insurer.

"(f) Inventory. An inventory in duplicate of the insurer's assets shall

be prepared forthwith by the receiver one of which shall be filed in the office of the Board and one in the office of the clerk of the court having jurisdiction, which inventories shall be open to inspection.

"(g) Disposal of Property; Settling Claims. The receiver may, subject to the approval of the court, (1) sell or otherwise dispose of the real and personal property, or any part thereof, of an insurer against whom a proceeding has been brought under this Article, and (2) sell or compound all doubtful or uncollectible debts, or claims owed by or owing to such insurer, including claims based upon an assessment levied against a member of a mutual insurer, reciprocal exchange, or an underwriter at Lloyds. Whenever the amount of any such debt or claim owed by or owing to such insurer or the value of any item of property of the insurer does not exceed Five Hundred Dollars (\$500), exclusive of interest, the receiver may compromise or compound such debt or claim or sell such property upon such terms as he may deem for the best interests of said insurer without obtaining the approval of the court. The receiver may, subject to the approval of the court, sell or agree to sell, or offer to sell, any assets of such an insurer to such of its creditors who may desire to participate in the purchase thereof, to be paid for, in all or in part, out of dividends payable to such creditors, and, upon the application of the receiver, the court may designate representatives to act for such creditors in the purchase, holding and/or management of such assets, and the receiver may, subject to the approval of the court, advance the expenses of such representatives against the security of the claims of such creditors.

"(h) Depositories. All money collected by the receiver shall be forthwith deposited in any bank or banks in this State which are members of the Federal Deposit Insurance Corporation. The funds collected or realized from the assets of each insurer shall be kept separate and apart from all other funds. Whenever any account in any such bank exceeds the maximum amount insured by said Federal Deposit Insurance Corporation, the receiver is hereby authorized and directed to make such contracts and require such security as it may deem proper for the safeguarding of such deposit upon approval of the Board.

"Section 3. CLAIMS.

"(a) Time for Filing. Where a liquidation, rehabilitation, or conservation order has been entered in a proceeding against an insurer under this Article, all persons who may have claims against such insurer shall present proof of the same to the receiver at a place specified by him within a period of time to be specified by the court, in no event, however, less than ninety (90) days nor more than one (1) year after the date of the entry of the order specifying such time. The receiver shall notify all persons who may have claims against such insurer as disclosed by its books and records, to present proof of the same to him within the time as fixed. The last day for the filing of proofs of claim shall be specified in the notice. Such notice shall be given in a manner determined by the court.

"(b) Late Filing. Proofs of claims may be filed subsequent to the date specified but in no event later than one (1) year after the entry of the court's order specifying the time for filing claims. Claims filed subsequent to the date specified in the court's order, but prior to the expiration of one (1) year after the entry of such order, may participate only in future dividends. Claims which are not filed within the expiration of such one-year period shall not participate in any distribution of the assets by the receiver.

"(c) Proof necessary. A proof of claim shall consist of a written statement under oath signed by the claimant, setting forth the claim, the consideration therefor, and whether any, and if so, what securities are held therefor, and any right of priority of payment or other specific rights asserted by the claimant, and whether any, and if so, what payments have been made thereon, and such other matters as may be required by the court, and that the sum claimed is justly owing from the insurer to the claimant. Whenever a claim is founded upon an instrument in writing, such instrument, unless lost or destroyed, shall be filed with the proof of claim. After the filing of such instrument, the receiver may in his discretion permit the claimant to substitute a true copy of such instrument, until the final disposition of the claim. If such instrument is lost or destroyed, a statement of such fact and of the circumstances of such loss or destruction shall be filed under oath with the claim.

"(d) Contingent Claims. No con-

tingent claim shall share in a distribution of the assets of an insurer in liquidation except that such claim shall be considered if properly presented, and may be allowed to share where (1) such claim becomes absolute against the insurer on or before the last day fixed for filing of proof of claims against the assets of such insurer, or (2) there is a surplus and the liquidation is thereafter conducted upon the basis that the insurer is solvent. For the purposes of this Article, 'contingent claim' means a claim for which the right of action is dependent upon the occurrence or nonoccurrence of some future event which may or may not happen.

"(e) Third Party Claims. Where a liquidation, rehabilitation or conservation order has been entered in a proceeding against an insurer under this Article, any person who has a cause of action against an insured of such insurer under a liability insurance policy issued by such insurer, shall have the right to file a claim with the receiver, regardless of the fact that such claim may be contingent, and such claim may be approved (1) if it may be reasonably inferred from the proof presented upon such claim that such person would be able to obtain a judgment upon such cause of action against such insured; and (2) if such persons shall furnish suitable proof that no further valid claims against such insurer arising out of his cause of action other than those already presented can be made; and (3) if the total liability of such insurer to all claimants arising out of the same act of its insured shall be no greater than its total liability would be were it not in liquidation, rehabilitation or conservation. No judgment against an insured taken after the date of the commencement of the delinquency proceedings shall be considered in the proceedings as evidence of liability, or of the amount of damages, and no judgment against an insured taken by default or by collusion prior to the commencement of the delinquency proceedings shall be considered as conclusive evidence in the proceeding, either of the liability of such insured to such person upon such cause of action, or of the amount of damages to which such person is therein entitled.

"(f) Offsets. In all cases of mutual debts or mutual credits between the insurer and another person in connection with any claim or proceeding under this Article, such credits and debts shall be set off and the balance only

shall be allowed or paid, except as provided in subsection (g).

"(g) No Offsets. No offsets shall be allowed in favor of any person, however, where (1) the obligation of the insurer to such person would not at the date of the commencement of the delinquency proceedings or as otherwise provided in Section 2 (c), entitle him to share as a claimant in the assets of such insurer, or (2) the obligation of the insurer to such person was purchased by or transferred to such person subsequent to the commencement of the delinquency proceedings or with a view to its being used as an offset, or (3) the obligation of such person is to pay an assessment levied against the members of a mutual insurer, or reciprocal exchange, or underwriters at Lloyds, or to pay a balance upon a subscription to the capital stock of a stock insurance corporation, or (4) the obligation of such person is as a trustee or fiduciary.

"(h) Action on Claims. The receiver shall have the discretion to approve or reject any claim filed against the insurer. Objections to any claim not rejected may be made by any party interested, by filing the objections with the receiver, who shall forthwith present them to the court for determination after notice and hearing. Upon the rejection of each claim either in whole or in part, the receiver shall notify the claimant of such rejection by written notice. Action upon a claim so rejected must be brought in the court in which the delinquency proceeding is pending within three (3) months after service of notice; otherwise, the action of the receiver shall be final and not subject to review. Such action shall be de novo as if originally filed in said court and subject to the rules of procedure and appeal applicable to civil cases.

"Section 4. ACTIONS.

"(a) Injunctions. Upon an application by the receiver, the receivership court may, with or without notice, issue an injunction restraining the insurer named in the order, its officers, directors, stockholders, members, trustees, agents, servants, employees, policyholders, attorneys, managers, attorneys-in-fact, associate, deputy, substitute attorneys-in-fact, and all other persons from the transaction of its business or the waste or disposition of its property, or requiring the delivery of its property and/or assets to

the receiver subject to the further order of the court.

"(b) Other Orders. Such court may at any time during a proceeding under this Article issue such other injunctions or orders as may be deemed necessary to prevent interference with the receiver or the proceeding, or waste of the assets of the insurer or the commencement or prosecution of any actions, or the obtaining of preferences, judgments, attachments, garnishments, or other liens, or the making of any levy against the insurer or against its assets, or any part thereof.

"(c) No Preferences. Any claim, judgment, lien or preference against the insurer or its receiver obtained, after the date of receivership, in derogation of the terms of any such injunction or order of the receivership court may be denied by the receiver until proof of the justness of such claim, judgment, lien, preference or demand is made before and approved by the receivership court.

"(d) Pending Lawsuits. No judgment or order rendered by any court of this State in any action pending by or against the delinquent insurer after the commencement of delinquency proceedings shall be binding upon the receiver unless the receiver shall have been made a party to such suit.

"(e) One Year Extension. The receiver shall not be required to plead to any suit in which he may be a proper party plaintiff or defendant, in any of the courts in this State until one (1) year after the date of his appointment as receiver, and the provisions of Articles 2310 and 2311 of the Revised Civil Statutes of Texas of 1925, as amended, shall not apply to insolvent insurance companies being administered under this Article.

"(f) New Lawsuits. The court of competent jurisdiction of the county in which the delinquency proceedings are pending under this Article shall have venue to hear and determine all action or proceedings instituted after the commencement of delinquency proceedings by or against the insurer or receiver.

"Section 5. VOIDABLE TRANSFERS.

"(a) Transfers or liens voidable. Any transfer or lien upon the property or assets of an insurer which is made or created within four (4) months prior to the commencement of delinquency proceedings under this

Article, with the intent of giving to any creditor or enabling him to obtain a greater percentage of his debt than of any other creditor of the same class, and which is accepted by such creditor, having reasonable cause to believe that such preference will occur, shall be voidable.

"(b) Personal Liability. Every director, officer, agent, employee, stockholder, member, attorney-in-fact, associate, substitute or deputy attorney-in-fact, underwriter, subscriber, and any other person acting on behalf of such insurer, who shall be concerned in any such prohibited act or deed, and every person receiving thereby property of such insurer, or the benefit thereof, shall be personally liable therefor, and shall be bound to account to the receiver for the benefit of the creditors of the insurer.

"(c) Avoiding and Recovery. The receiver in any proceeding under this Article, may avoid any transfer of, or lien upon the property or assets of an insurer which any creditor, stockholder or member of such insurer might have avoided, and may recover the property so transferred or its value from the person to whom it was transferred, unless he was a bona fide holder for value prior to the date of the commencement of proceedings under this Article. Such property or its value may be recovered from anyone who has received it, except a bona fide holder for value as above specified.

"Section 6. PRIORITY OF CLAIMS FOR WAGES.

"All wages actually owed to employees of an insurer against whom a proceeding under this Article is commenced, for services rendered within three (3) months prior to the commencement of such proceeding not exceeding Three Hundred Dollars (\$300) to each employee shall be paid prior to the payment of every other debt or claim, and in the discretion of the court may be paid as soon as practicable after the proceeding has been commenced, except that at all times there shall be reserved such funds as will be sufficient for the expenses of administration by the receiver.

"Section 7. Assessments.

"(a) Application. Within four (4) years from the date of an order of rehabilitation, or liquidation, of a domestic insurer, the receiver may make an application to the court to levy an

assessment against the members of a mutual insurer, or the underwriters or members of a reciprocal exchange, or the underwriters at Lloyds. Such application shall set forth the reasonable value of the assets of such insurer, its probable liabilities, and the probable necessary assessment, if any, to pay all possible claims and expenses in full, including expenses of administration and collection.

"(b) Levy. Upon such notice as may be designated by the court, the court shall proceed to consider such report and may levy one or more assessments. Such assessment or assessments shall cover the excess of the probable liabilities over the reasonable value of the assets, together with the estimated cost of collection and percentage of uncollectibility thereof. No such assessment shall be levied against any member or subscriber with respect to any policy which contains a nonassessable or noncontingent liability provision or provisions and which has been issued under authority granted by the Board.

"(c) Collection. After the entry of such an order of assessment and the expiration of the time for appeal, the receiver shall proceed to collect such assessments, and for the purpose of such collection may bring suit for the same in any court of competent jurisdiction in the county in which such delinquency proceeding is pending.

"(d) Provisions Cumulative. The provisions of this Section are cumulative of any other remedies for the levy and collection of assessments.

"Section 8. Distribution of Assets.

"(a) Payments to Creditors. Under the direction of the court the receiver shall make payments and dividends to the creditors.

"(b) Interest. Interest shall not accrue on any claim subsequent to the date of the commencement of delinquency proceedings.

"(c) Foreign Claimants. If any claimant of another state or foreign country shall be entitled to or shall receive a dividend upon his claim out of a statutory deposit or the proceeds of any bond or other assets located in such other state or foreign country, then such claimants shall not be entitled to any further dividend from the receiver until and unless all other claimants of the same class, irrespective of residence or place of the acts or contracts upon which their claims are based, shall have received an

equal dividend upon their claims; and after such equalization, such claimants shall be entitled to share in the distribution of further dividends by the receiver, along with and like all other creditors of the same class, wheresoever residing.

"(d) Setoff by Receiver. Upon the declaration of a dividend, the receiver shall apply the amount of such dividend against any indebtedness owed to the insurer by the person entitled to such dividend.

"(e) Unclaimed Dividends. Unclaimed dividends on approved claims remaining in the receiver's hands after payment of the final dividend shall be delivered to the Board. Such funds shall be deposited by the Board in trust in a special account to be maintained with the State Treasurer.

"(f) Escheat. On receipt of satisfactory written and verified proof of ownership within two (2) years from the date such funds are so deposited with the State Treasurer, the Board shall certify such facts to the Comptroller of Public Accounts, who shall issue proper warrant therefor in favor of the parties respectively entitled thereto drawn on the State Treasurer. Any such money remaining unclaimed with the Board for two (2) years shall automatically become the property of the Board.

"Section 9. Closing.

"(a) Excess Assets—Stock Companies. When the receiver shall have made provision for unclaimed dividends and all of the liabilities of a stock insurance company, he shall call a meeting of the stockholders of the insurer by giving notice thereof in one (1) or more newspapers in the county where the principal office of the insurer was located, and by written notice to the stockholders of record at their last known address. At such meeting, the stockholders shall appoint an agent or agents to take over the affairs to continue the liquidation for benefit of the stockholders. Voting privileges shall be governed by the insurer's bylaws. A majority of the stock shall be represented at the agent's appointment. Such agent or agents shall execute and file with the court such bond or bonds as shall be approved by it, conditioned on the faithful performance of all the duties of the trust. Under order of the court the receiver shall then transfer and deliver to such agent or agents for continued liquidation under the court's

supervision all assets of insurer remaining in his hands, whereupon the receiver and the Board, and each member and employee thereof, shall be discharged from any further liability to such insurer and its creditors and stockholders; provided, however, that nothing herein contained shall be so construed as to permit the insurer to continue in business as such, but the charter of such insurer and all permits and licenses issued thereunder or in connection therewith shall be ipso facto revoked and annulled by such order of the court directing the receiver to transfer and deliver the remaining assets of such insurer to such agent or agents.

"(b) Excess Assets—Other Companies. After the receiver shall have made provision for unclaimed dividends and all of the liabilities of any insurer other than a stock insurance company, he shall dispose of any remaining assets as directed by the receivership court.

"(c) No Limitation. Each receivership or other delinquency proceeding prescribed by this Article shall be administered continuously hereunder for whatever length of time is necessary to effectuate its purposes. No arbitrary period prescribed elsewhere by the laws of Texas limiting the time for the administration of receiverships or of corporate affairs generally shall be applicable thereto.

"(d) Reopening. If after the receivership shall have been closed by final order of the court, the liquidator shall discover assets not known to him during receivership, he shall report his findings to the court. It shall be within the discretion of the court as to whether the value of the after-discovered assets shall justify the reopening of the receivership for continued liquidation.

"Section 10. REINSURANCE

"(a) Reinsurer's Liability. If the receiver has claims under policies covered by reinsurance, there shall be no diminution of the liability of the reinsurer because of the delinquency proceeding against the delinquent company, regardless of any provisions in the reinsurance contract to the contrary.

"(b) Notice to Reinsurer. The liquidator or receiver shall give written notice to the affected reinsurers of the pendency of a claim against the receiver under a policy covered by reinsurance within a reasonable time after such claim is filed in the delinquency proceeding, and during the

pendency of such claim any affected reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where the claim is to be adjusted any defense or defenses which it may deem available to the delinquent company, the liquidator or the receiver. Subject to court approval, the expense thus incurred shall be chargeable against the delinquent company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the delinquent company solely as a result of the defense undertaken by the assuming insurer.

"(c) Provided, however, that Article 6.16 of the Insurance Code of 1951, Acts Regular Session of the Fifty-second Legislature, 1951, Chapter 491, page 868, shall remain in full force and effect and shall govern as to those insurance companies affected thereby.

"Section 11. EVIDENCE IN RECORDS.

"(a) Records Admitted. All books, records, documents and papers of any delinquent insurer received by the liquidator and held by him in the course of the delinquency proceedings, or certified copies thereof, under the hand and official seal of the Board and/or liquidator, shall be received in evidence in all cases without proof of the correctness of the same and without other proof, except the certificate of the Board and/or liquidator that the same was received from the custody of the delinquent insurer or found among its effects.

"(b) Certificates. The liquidator shall have the authority to certify to the correctness of any paper, document or record of his office, including those described in (a) of this section, and to make certificates under seal of the Board and certified by the liquidator certifying to any fact contained in the papers, documents or records of the Liquidation Division; and the same shall be received in evidence in all cases in which the originals would be evidence.

"(c) Prima facie Evidence. Such original books, records, documents and papers, or certified copies thereof, or any part thereof, when received in evidence shall be prima facie evidence of the facts disclosed thereby.

"Section 12. LIQUIDATOR, ASSISTANTS, EXPENSE ACCOUNTS.

"(a) Liquidator, Bond. The liquidator herein named shall be appointed

by a majority of the Board of Insurance Commissioners, and shall be subject to removal by a majority of said Board, and before entering upon the duties of said office, shall file with the Board of Insurance Commissioners a bond in the sum of Ten Thousand Dollars (\$10,000), payable to the Board of Insurance Commissioners for the benefit of injured parties, and conditioned upon the faithful performance of his duties and the proper accounting for all moneys and properties received or administered by him.

"(b) Appointments, Expenses. The Board shall have the power to appoint and fix the compensation of the liquidators and of such special deputy liquidators, counsel, clerks, or assistants, as it may deem necessary. The payment of such compensation and all expenses of liquidation shall be made by the liquidator out of funds or assets of the insurer on approval of the Board. An itemized report of such expenses, sworn to by the liquidator and approved by the Board, shall be presented to the court from time to time, which account shall be approved by the court unless objection is filed thereto within ten (10) days after the presentation of the account. The objection, if any, must be made by a party at interest and shall specify the item or items objected to and the ground of such objection. The court shall set the objection down for hearing, notifying the parties of the setting. The burden of proof shall be upon the party objecting to show that the items objected to are improper, unnecessary or excessive.

"(c) Filing Reports. Said liquidator shall file reports with the Board of Insurance Commissioners upon its request showing the operation, receipts, expenditures, and general condition of any organization of which he may have charge at that time, and, upon request, shall file a copy of said report with the court in which said receivership proceeding is pending. He shall also file a final report of each organization which he has liquidated or handled showing all receipts and expenditures, and giving a full explanation of the same and a true statement of the disposition of all of the assets of each organization.

"Section 13. ANCILLARY DELINQUENCY PROCEEDINGS.

"Whenever under the laws of this State, a receiver is to be appointed in delinquency proceedings for an insurer domiciliary in another state, a

court of competent jurisdiction in this State shall, on the petition of the Board of Insurance Commissioners of this State, appoint the liquidator herein provided as ancillary receiver in this State of such insurer. The Board shall file such petition (a) if it finds that there are sufficient assets of such insurer located in this State to justify the appointment of an ancillary receiver, or (b) if ten (10) or more persons resident in this State, having claims against such insurer, file a petition or petitions in writing with the Board, requesting the appointment of such ancillary receiver. Such ancillary receiver shall have the right to sue for and reduce to possession the assets of such insurer in this State, and shall have the same powers and be subject to the same duties with respect to such assets, as are possessed by a receiver of a domiciliary insurer under the laws of this State. The remaining provisions of this Article shall be applicable to the conduct of such ancillary proceedings.

"Section 14. CONTRACTS WITH FOREIGN RECEIVER.

"In cases where a receiver of any delinquent insurer has been appointed both in Texas and in some other state, the Texas receiver, either domiciliary or ancillary, may, under supervision of the Texas receivership court, contract with the receiver in such other state for the administration of the affairs of their respective receiverships in any manner consistent with this Article which will enable the respective receivers to coordinate their activities in the interest of efficiency and economy.

"Section 15. BORROWING ON THE PLEDGE OF ASSETS.

"For the purpose of facilitating the rehabilitation, liquidation, conservation or dissolution of an insurer pursuant to this Article the receiver may, subject to the approval of the court, borrow money and execute, acknowledge and deliver notes or other evidences of indebtedness therefor and secure the repayment of the same by the mortgage, pledge, assignment, transfer in trust, or hypothecation of any or all of the property whether real, personal or mixed of such insurer, and the receiver, subject to the approval of the court, shall have power to take any and all other action necessary and proper to consummate any such loans and to provide for the repayment thereof. The re-

ceiver shall be under no obligation personally or in his official capacity as receiver to repay any loan made pursuant to this section.

"Section 16. CONFLICTS OF LAW.

"In the event of conflict between the provisions of this Article and the provisions of any existing law, the provisions of this Article shall prevail, and all laws, or parts of laws, in conflict with the provisions of this Article, are hereby repealed to the extent of such conflict."

Sec. 2. This Act shall be liberally construed to effectuate its purpose.

Sec. 3. If any section or portion of any section of this Act shall for any reason be declared invalid by a court of competent jurisdiction, such adjudication shall not affect the validity of any other section or portion of section of this Act.

Sec. 4. The fact that the present laws covering the subject material of this Act are inadequate, creates an emergency, and an imperative public necessity that the Constitutional rule requiring bills to be read in each House on three several days, and the Constitutional rule requiring bills to take effect and go into force ninety days after adjournment of the session, be suspended, and said rules are hereby suspended, and this Act shall take effect and be in force from and after its passage, and it is so enacted.

The report was read and was adopted by the following vote:

Yeas—25

Aikin	Moore
Ashley	Owen
Bracewell	Parkhouse
Corbin	Phillips
Fly	Roberts
Fuller	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Lane	Shireman
Latimer	Strauss
Lock	Wagonseller
McDonald	Willis

Nays—4

Hardeman	Moffett
Martin	Ratliff

Absent

Colson	Weinert
--------	---------

Senate Resolution 356

Senator Moffett offered the following resolution:

Whereas, We are honored today to have as a visitor in the Senate Mr. Bill Thacker, President of the Junior Chamber of Commerce, Wichita Falls, Texas; and

Whereas, We desire to welcome this distinguished visitor to the Capitol Building and Capital City; now, therefore, be it

Resolved, That his presence be recognized by the Senate of Texas and that he be extended the official welcome of the Senate and the privileges of the floor for the day.

The resolution was read and was adopted.

Senate Resolution 357

Senator Colson offered the following resolution:

Whereas, The Senate of the 54th Legislature of Texas is honored to have in the gallery today, the Senior Class of the Sam Houston High School of Huntsville, Texas, accompanied by their sponsors, Mrs. E. M. Johnson, Mrs. L. Rolling and Mr. S. L. Douglas; and

Whereas, These students have come to their Capital City to see the famed and historic red granite Capitol Building; and

Whereas, It is inspiring to know that these fine young citizens desire more firsthand knowledge about the administration of their State Government; and

Whereas, The future of America and Texas lies in the youth of our land; now, therefore, be it

Resolved, That these guests be officially welcomed and recognized by the Senate; that they be commended for the great interest which they are showing in their State Government and that they each be furnished with an official copy of this resolution.

The resolution was read and was adopted.

Senator Colson, by unanimous consent, presented the students and sponsors to the Members of the Senate.

**Senate Concurrent Resolution 48
on Second Reading**

On motion of Senator Hazlewood and by unanimous consent, the Presi-

dent laid before the Senate on its second reading the following resolution:

S. C. R. No. 48, Granting Mrs. Margaret A. Connally permission to sue the State of Texas.

The resolution was read the second time and was adopted.

**Senate Concurrent Resolution 56
on Second Reading**

On motion of Senator Hardeman and by unanimous consent the President laid before the Senate on its second reading the following resolution:

S. C. R. No. 56, Granting M. H. Reed and W. T. Caswell permission to sue the State of Texas.

The resolution was read the second time and was adopted.

**Senate Concurrent Resolution 43
on Second Reading**

On motion of Senator Bracewell and by unanimous consent the President laid before the Senate on its second reading the following resolution:

S. C. R. No. 43, Granting Frank M. Hill permission to sue the State of Texas.

The resolution was read the second time and was adopted.

**Senate Bill 349 With House
Amendments**

Senator Fly called S. B. No. 349 from the President's table for consideration of the House amendments to the bill.

The President laid the bill and House amendments before the Senate, and the House amendments were read.

Senator Fly moved that the Senate concur in the House amendments.

The motion prevailed.

Senate Bill 438 on Second Reading

On motion of Senator Fuller and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 438, A bill to be entitled "An Act amending Section 122 of Article 1970, Vernon's Annotated Civil Statutes of the State of Texas, as

amended, so as to allow the Commissioners Court of Jefferson County, Texas, to set the salary of the Judge of the County Court of Jefferson County at Law at a figure not less than Eight Thousand (\$8,000) Dollars and not more than Ten Thousand (\$10,000) Dollars per annum; providing a severability clause; repealing all laws in conflict; and declaring an emergency."

The bill was read second time and passed to engrossment.

Senate Bill 438 on Third Reading

Senator Fuller moved that Senate Rule 32 and the constitutional rule requiring bills to be read on three several days be suspended and that Senate Bill No. 438 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—30

Aikin	Moffett
Ashley	Owen
Bracewell	Parkhouse
Colson	Phillips
Corbin	Ratliff
Fly	Roberts
Fuller	Rogers
Hardeman	of Childress
Hazlewood	Rogers of Travis
Kazen	Secrest
Kelley	Shireman
Lane	Strauss
Latimer	Wagonseller
Lock	Weinert
Martin	Willis
McDonald	

Absent

Moore

The President then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed.

Message from the Governor

The President laid before the Senate and directed the Reading Clerk to read the following message received from the Governor today:

Austin, Texas,
May 16, 1955.

To the Members of the Fifty-Fourth Legislature.

I am vetoing and returning herewith Senate Bill No. 261. In Opinion

No. MS-211 from the Attorney General, dated May 12, 1955, I am advised that S. B. 261 contravenes Section 56 of Article III of the Constitution.

Respectfully submitted,
ALLAN SHIVERS,
Governor of Texas.

Bill and Resolution Signed

The President signed in the presence of the Senate after the captions had been read the following enrolled bill and resolution:

S. B. No. 305, A bill to be entitled "An Act authorizing and empowering the Board of Directors of the Texas A. and M. College to levy a regular student fee for the purpose of operating, maintaining and improving the Texas A. and M. College Memorial Student Center at the A. and M. College of Texas; fixing the amount of the fee; providing the purpose for which said fee shall be used; placing the control of the fees in the hands of the Board of Directors of the Texas A. and M. College; and declaring an emergency."

S. C. R. No. 65, Recalling S. B. No. 236 from the Governor's office.

Adjournment

On motion of Senator Kazen, the Senate, at 12:08 p. m., adjourned until 10:30 o'clock a. m. tomorrow.

SIXTY-SECOND DAY

(Tuesday, May 17, 1955)

The Senate met at 10:30 o'clock a. m., pursuant to adjournment, and was called to order by the President.

The roll was called and the following Senators were present:

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Lane	Shireman
Latimer	Strauss
Lock	Wagonseller
Martin	Weinert
McDonald	Willis